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# China Report

RED FLAG

No. 18, 16 September 1984

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# CHINA REPORT

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No. 18, 16 September 1984

Translation of the semimonthly theoretical journal of the Central Committee of the Communist Party of China published in Beijing.

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CHINA'S SOCIALIST ECONOMIC CONSTRUCTION IN BOTH RETROSPECT AND PROSPECT--  
WRITTEN FOR THE 35TH ANNIVERSARY OF THE PRC

Beijing RED FLAG in Chinese No 18, 16 Sep 84 pp 2-9

[Article by Xue Muqiao [5641 2550 2890]]

[Text] Thirty-five years have passed since the founding of the PRC. I wrote an article under the title of "Thirty Years of Hard Struggle To Lay a Foundation" on the occasion of the 30th anniversary of the founding of the PRC. Now, in this article, I am going to stress the development in the past 5 years. However, in order to explain the development of the principles and policies adopted in the past 5 years, it is still necessary to give a brief account of what happened in the previous 30 years.

I

Our country has achieved great success in socialist transformation and construction. It has been a pioneering work unprecedented in history to build the socialist economy on the backward economic basis of old China, devastated by a 12-year war. Therefore, in light of the objective condition, we could hardly be completely free from difficulties and setbacks in our way ahead but had to take a tortuous path. The question lies in whether we can find out and correct our mistakes on our own whenever we do something wrong. We should neither be content with the achievements we have made and thus refuse to blaze new trails; nor refuse to correct our mistakes whenever we deviate from the correct guideline. We must use the historical dialectic view to sum up historical experience and constantly look for new ways out so as to make progress.

In the main, new China has undergone the following periods in its economic development:

The 3 years of economic restoration. Our tasks in this period were to restore and develop the national economy devastated by the 12-year war, restore stability, and gradually improve the livelihood of urban and rural people; to establish and constantly consolidate the leadership of the socialist state-owned economy and pave the way for the socialist transformation of private industry and commerce, individual farming, and handicraft; and to guide the development of private industry and commerce and individual

farming and handicraft in accordance with the laws of value or the laws of surplus value so as to ensure that they basically fulfill the requirements of the state plan and that the national economy will develop in a balanced way. All these tasks were successfully completed in the 3 years and the people of the whole country were indeed satisfied with our economic work in this period.

The period of the First 5-Year Plan. Our tasks in this period were to carry out socialist economic construction on a larger scale based on the success we had achieved; to start the socialist transformation of private industry and commerce and individual farming and handicraft; and to learn from the Soviet experience to set up a system of planned management. In respect of economic construction, we built a number of heavy industrial enterprises with the stress placed on 156 key projects and thus laid down a preliminary foundation for the socialist industrialization program. The First 5-Year Plan was successfully completed in only 4 years. According to the original schedule, the socialist transformation was to be completed step by step in three terms, namely, over the whole period of the three 5-year plans. Unexpectedly, however, this target was fulfilled ahead of schedule in the first 5 years. Because we did the job with a rush, we were faced with some unfavorable sequels. While some measures of the Soviet planned economic system, which did not suit China's national conditions, were copied indiscriminately, private capitalist economy and individual economy played a valuable role in mitigating the economic situation. By and large, tremendous achievements were made in this period. However, the "leftist" tendency of impatience for success began to prevail in 1956. And, above all, we had gone too fast in socialist transformation.

The period of the Second 5-Year Plan and the 3 years of adjustment. Our tasks in the period of the Second 5-Year Plan were to establish a complete industrial system on the basis of the harmonious development of agriculture, light industry, and heavy industry and to develop independently our country's socialist economy; to adjust the established socialist economic structure in accordance with the needs of the developed productive force and to build a socialist economy which suited our country's circumstances; and to overcome the shortcomings arising from indiscriminately copying the Soviet experience by giving play to the role of economic levers and market mechanism under the system of planned economy. Comrade Zhou Enlai put forth the above guideline in the "Report on the Proposal Concerning the Second 5-Year Plan of National Economic Development" made at the Eighth CPC National Congress, and Comrades Mao Zedong and Chen Yun had also stated the necessity for correcting the mistake of indiscriminately copying the Soviet system. However, the 3-year "Great Leap Forward" launched in 1958 violated the guideline laid down by the Eighth CPC National Congress, in implementing the principle of "taking steel production as the key link" and placing undue stress on heavy industry in economic construction. The growth rate of heavy industry in the 3 years was indeed marvellous. However, this upset the overall plan of balanced development of the national economy. As for the relations of production, we widely established people's communes featuring the principle of "being large in size and collective in nature" even though we had already gone too far in developing advanced agricultural producers'

cooperatives. As a result, the agricultural output dropped by a wide margin in 1959, the light industrial output decreased in 1960, and the heavy industrial output also shrank in 1961. The people's livelihood was seriously affected by the shortage of materials in the market.

In the autumn of 1960, the CPC Central Committee put forth the eight character policy of "adjustment, consolidation, reinforcement, and elevation," with adjustment as the key link. In 1961, the central authorities began to cut down the investment in capital construction by a wide margin, lower the output quota for heavy industry, and reduce the urban population which had expanded too rapidly in the 3 years of the "Great Leap Forward." In the wake of the adjustment in 1961 and 1962, the national economy began to rise again. And the period from 1963 to 1965 witnessed an overall improvement of the national economy due to the continued implementation of the principle of adjustment. So, although the overall growth rate was much lower than that in the First 5-Year Plan, the growth rate of heavy industry remained pretty high in the 8 years after the beginning of the Second 5-Year Plan. By 1965, we had generally accomplished the targets of the Second 5-Year Plan originally scheduled to be fulfilled by 1962, had realized a fair development in light industry, and had basically built up an independent and relatively complete industrial system.

With respect to the transformation of production relations, Chairman Mao had discovered in early 1959 the mistake of vigorously promoting people's communes and the erroneous "tendency of effecting the transition to communism prematurely." By adopting the 12-point decision concerning agriculture in 1960, we gave up the system of unified accounting on a commune basis but initiated a new system of accounting on a production brigade basis. In 1962, we even adopted the 60-point decision on agriculture and took the production team as the accounting unit. With a size smaller than that of the advanced agricultural producers' cooperative, the production team is something equivalent to the elementary agricultural producers' cooperative. So, agricultural production began to be restored and by 1965 basically reached the level of the year 1957. The establishment of agricultural cooperatives and communes enabled us to level in a unified way the fields which were extremely scattered under the small-scale peasant economic system and, on this basis, we built a unified water conservancy and irrigation system and prepared the necessary conditions for mechanization in agriculture. This was an undeniable achievement. However, the highly centralized collective labor system minimized the peasants' decisionmaking power and dampened their initiative in production as well. Some areas spontaneously carried out the system of "fixing output quotas on a household basis" in 1961 and 1962, thus achieving great success in restoring production. However, such a practice was denounced as an attempt to "restore capitalism" and was banned in 1962.

The 10 years of turmoil--the "Great Cultural Revolution." The turbulent 10 years of the "Great Cultural Revolution" beginning in 1966, brought about another serious setback to our socialist economic construction. However, there was still development in industrial and agricultural production despite this setback. Due to the overall civil war in 1967-1968, industrial output dropped considerably. Production was rapidly restored as the

situation became more stable in 1969. Industrial production stagnated again in 1974 as a result of the campaign of "criticizing Lin Biao and Confucius." And the industrial output rose again soon after Comrade Deng Xiaoping resumed office in 1975. Industrial production stagnated again in 1976 because of the campaign of "cracking down on the right-deviationist wind to reverse correct verdicts" but restored rapidly as soon as the "gang of four" was overthrown.

The "gang of four" had seriously hindered the development of production in criticizing in urban areas the "theory that social development results only from productive forces" and cutting off in rural areas the "tail of capitalism." However, the vast number of leading cadres in charge of economic work and the broad masses of working people demanded the development of production. For this reason, industrial and agricultural production output still increased during the 10 years of turmoil. As compared with the year 1966, the industrial production output increased by 125 percent, with an average annual growth rate of 8.5 percent; and the agricultural production output increased by 39 percent, with an average annual growth rate of 3.3 percent. The serious problem lay in the imbalanced development of the national economy, the increasingly serious shortage of materials supplied to the market, and the upset of the enterprise management system and labor discipline. All these brought tremendous difficulties to the economic work in the following years.

Despite the two tremendous setbacks in our economic work in the 27 years since the founding of the PRC, we still made considerable economic achievements because of the superiority of the socialist system. In these 27 years, our investment in fixed assets totaled 650 billion yuan, 26 times more than the total value of fixed assets left over by old China. Industrial output value increased by 29 times, with an average annual growth rate of 13.5 percent. The agricultural output value increased by 2.1 times, with an average annual growth rate of 4.2 percent. Although the country's population increased from 541.67 million to 937.17 million, we still managed to basically meet the people's need for the means of subsistence. Generally speaking, the laboring people no longer suffered from lack of food and clothing, and the livelihood of the people in urban areas and of most peasants had been improved. In the field of science and technology, we successfully carried out on our own the experiments in atomic and hydrogen bomb explosion; made major breakthroughs in space aeronautical development, and accomplished many inventions in industrial and agricultural production. All these achievements were the results of toil.

## II

Our priority task after the smashing of the "gang of four" was to further root out their factionalist system, set things to rights, and help cadres loyal to the party and the people to regain the leadership of the party and government organizations and state-owned enterprises at all levels. This was a very arduous task which took 3 years to accomplish. In the first 3 years after the smashing of the "gang of four," we failed to criticize and correct the long-standing "leftist" mistakes in economic work. In 1976, we

launched the drive of "learning from Dazhai in agriculture" in rural areas, calling for basically realizing mechanization in agriculture by 1980. This resulted in stagnation in agricultural production in 1977. In 1978, the NPC adopted a "10-year plan" for economic construction, setting the steel output target for 1985 at 60 million tons and the oil output target at 300 million tons. To fulfill these targets, we further expanded the scale of capital construction, thus raising the 1978 accumulation rate to 36.5 percent which was close to the level in the period of the "Great Leap Forward." As a result, we still failed to ease the shortage of production means and consumer goods. Eventually, in 1979, we were faced with a difficult situation and were forced to slow down the construction of some projects.

The discussion on the argument that practice is the sole criterion for testing truth helped us cast off the yoke of the long-standing erroneous "leftist" thinking and enabled us to emancipate our minds. Thus the principle of seeking truth from facts replaced that of "the two whatevers." The 3d Plenary Session of the 11th CPC Central Committee held in December 1978, affirmed the guideline of shifting our party's focal point of work to economic construction, negated the "leftist" guiding ideology in economic work, and set forth the new eight-character policy of "readjustment, restructuring, consolidating, and improvement." Thus the new guideline for socialist construction emerged.

According to our guideline for economic work adopted at the third plenary session, our first task was to readjust the proportion between different sectors in the national economy; get rid of the old practice of high targets and high accumulation rate which had hindered the improvement of the people's livelihood; take measures to cut the scale of capital construction, reduce the heavy industry growth rate, speed up the development of agriculture and light industry, and promptly improve the people's livelihood in a planned way. As compared with the 1978 figures, the heavy industry annual growth rate in 1983 was 5.1 percent, the light industry annual growth rate was 11.2 percent, and that for agriculture was 7.9 percent. There was also a change in the ratio between agriculture, light industry, and heavy industry: the proportion of heavy industry dropped from 41.1 percent to 34 percent, that of light industry rose from 31.1 percent to 32.1 percent, and that of agriculture rose from 27.8 percent to 33.9 percent. All these changes prepared the material conditions for the improvement of the people's livelihood. Although the income of staff members, workers, and particularly peasants increased by a wide margin, there was a more and more ample supply of materials in the market. Most consumer goods including cotton fabric were supplied to the market without rationing, except that grains and cooking oil were still supplied on show of ration coupons because they were sold at a price lower than the procurement price (but grains and oil sold at negotiated prices were also supplied without ration).

In the past 5 years, the state has raised the salary and bonus paid to staff members and workers step by step. The average salary of staff members and workers has increased from 614 yuan to 826 yuan, which means an increase of 34.5 percent in contrast to a 15.3 percent rise in commodity prices. As the

number of employed population has increased while the number of dependents has decreased, the per-capita income to pay off daily life expense for a staff member and worker family has increased from 316 yuan to 526 yuan, which means an annual growth rate of 7.4 percent, with the 43 percent increase in commodity prices taken into account. At the same time, as production has developed and the procurement prices for farm products have been raised, the peasants' per-capita income has also increased from 134 yuan to 310 yuan--in other words, their income has increased by 14.7 percent every year, taking into account the nearly doubled commodity price level. Such a high growth rate is unprecedented.

Of course, we have to overcome some difficulties in accomplishing these marvellous changes. In 1979, we actually failed to cut the investment in fixed assets since we had made a belated decision and people were mentally unprepared for the change. In 1980, we continued to carry out the policy of shrinkage in fixed asset investment and managed to cut down investment in fixed assets for those projects covered by the state plan. However, as localities and enterprises were allowed to expand their decisionmaking power and to keep a larger amount of funds under their control, extra investment not covered by the state plan increased substantially. As a result, the overall investment in fixed assets was almost equal to that recorded in the 2 previous years. In 1981, we eventually managed to cut down the amount of investment in fixed assets by more than 10 billion yuan. Thus, the shortage of production means was eased for the first time in many years. Machine-building industry was forced to cut down its output because there was not a sufficient production quota. Instead of carrying out the state production plan, machine-building plants now have to seek a market for their own products. And this has provided good conditions for technical innovation in enterprises. Due to shrinkage in investment in these few years, there has been a more and more serious shortage in energy and communications facilities. For this reason, investments in the energy industry and communications facilities increased in 1982 and particularly in 1983. So, investments in fixed assets rose again and slightly surpassed the level in 1978-1980. By and large, the level of the investments in fixed assets in the past 5 years were not raised substantially although the amount of investment exceeded the quotas set by the state plan in all of these years except 1981. The extra investments by localities and enterprises beyond the state plan have been making up an increasingly substantial portion of the overall investments and have also exceeded the amount of investments covered by the state plan. These investments have been used for finance projects of technological transformation in old enterprises. Characterized by small investments and quick returns, these projects should be very beneficial to the development of production in the future.

In order to reduce the construction scale, we have already taken the initiative in slowing down the growth rate of industry and particularly of heavy industry. However, except for 1981, when the growth rate just exceeded the level set by the state plan, the growth rate surpassed the set level by a wide margin in the other years. Our industrial production target was to guarantee a 4 percent growth and strive for a 5 percent growth. However, the result of the implementation of the state plan showed that the growth

rate reached around 8 percent in most years and even exceeded 10 percent in some years. The 12th CPC National Congress set forth the goal of quadrupling the gross industrial and agricultural output value in the two decades from 1981 to 2000. According to the plan, the growth rate will be kept lower in the first 10 years so as to lay a sound foundation for the take-off in the following 10 years. At the beginning many people at home and abroad predicted that this magnificent goal could hardly be fulfilled. In the past 5 years (1979-1983), the gross industrial and agricultural output value increased by 46.1 percent, at an annual growth rate of 7.9 percent. From 1981 to 1983, the gross industrial and agricultural output value increased by 25.3 percent, at an annual growth rate of 7.8 percent. Both growth rates exceed the average growth rate required for fulfilling the goal of quadrupling the gross output value in 20 years (an annual growth rate of 7.2 percent). Therefore, evidently our magnificent goal is bound to be fulfilled. A particularly encouraging fact is that the agricultural growth rate has been especially high as a result of the reform in the management system. In several years in the past, we had to import around 15 million tons of grain a year, while buying cooking oil, cotton, and sugar from foreign countries. Our grain output increased by 29.48 million tons in 1982 and by 32.78 million tons in 1983 (our country's grain output is still at a low level with an average amount of 759 jin per person and there will be no surplus of grain following the development of animal husbandry). The cotton output increased by 630,000 tons in 1982 and by 1.04 million tons in 1983 (an increase of 28.9 percent over the previous year). The output of cooking oil and sugar has also increased so rapidly that our country is now basically self-sufficient.

We have also encountered some difficulties on our road ahead. The year 1979 witnessed a financial deficit totaling 17 billion yuan since we failed to cut the investment in capital construction by 9 billion yuan according to schedule, but spent more money than the set quota in raising the procurement prices for farm products and the salary of staff members and workers. There was still a financial deficit of more than 12 billion yuan in 1980. In order to make up the financial deficits, we issued an extra amount of currency totaling more than 12 billion yuan in these 2 years. Moreover, in order to prevent a rise in commodity prices, the state has raised the procurement prices of grains and cooking oil while keeping the selling prices unchanged. So, with the procurement prices higher than the selling prices, the commodity price subsidies paid by the state have increased from several billion yuan a year to more than 20 billion yuan a year. The better the harvest reaped, the more subsidies the state has to pay. Thus the payment of subsidies has in its turn become an important cause for financial deficits. From 1981 on, the state has issued 4 billion yuan worth of national bonds every year while making efforts to tap more financial resources and cut expenses, thus reducing the financial deficit to a level between 3 to 4 billion yuan. However, the volume of currency issued has continued to increase (a substantial portion of the newly issued currency has been used to pay for the extra amount of farm products procured beyond the set quota). The currency in circulation in 1983 was 150 percent more than that in 1978, while the total value of retail sales of commodities increased by only 83 percent during the period from 1978 to 1983 (this is,

in fact, a rather high growth rate). As the peasants now have more and more cash, the savings deposits for both urban and rural area residents are increasing by more than 10 billion yuan a year. Therefore, some people are afraid that commodity prices will suddenly rise (the prices have risen by about 2 percent a year in the past 2 years). But, with an ample stock of consumer goods including such very important consumer goods as grain, cooking oil, and cloth, we are not afraid of panic purchase. Many manufacturers make every effort to promote the sale of industrial products in the market and many peasants try to sell their farm products to urban areas. The market is unprecedentedly brisk and we can certainly ensure a general stability in commodity prices.

We have implemented the open-door policy since 1978, establishing the Shenzhen, Zhuhai, Shantou, and Xiamen special zones, carrying out special policy in Guangdong and Fujian Provinces to attract foreign capital, and vesting Shanghai and Tianjin with special power in introducing foreign capital. In addition, we recently opened Shanghai, Tianjin, and 12 other coastal ports and Hainan Island, delegating to all of them greater decision-making power in attracting foreign capital. In the past 5 years, we have introduced a total of \$14.6 billion of foreign capital. By late 1983, 188 joint venture enterprises have been established with Chinese and foreign capital (many of them are run with Overseas Chinese capital) and 53 enterprises have been established solely with foreign capital. Thousands of enterprises have carried out technological transformation by introducing advanced equipment from foreign countries. All these measures taken have accelerated the process of modernization of industry and agriculture in our country. The total value of import and export trade increased from \$20.6 billion in 1978 to \$40.7 billion in 1983, with the export volume surpassing the import volume. As a result, our country's foreign exchange reserves have kept on increasing. By paying off many debts before they fall due, our country has won high international prestige. In the future, we must amend our pace in introducing foreign capital and foreign advanced technology so as to accelerate the process of economic modernization. Moreover, there is a bright prospect for the offshore oil exploitation program run by foreign enterprises--some areas have even signed joint venture oil drilling contracts with foreign firms. Most of the 22 major projects to import foreign equipment have been started, and the first phase of the Baoshan Iron and Steel Corporation has almost been completed. In short, there is a really bright prospect for introducing foreign capital and advanced technology.

### III

In the past 5 years, we have given priority to readjustment in our economic work while carrying out reform in the economic system. In rural areas we have extensively implemented the system of contracted responsibility on a household basis which links remuneration to output, developed a diversified economy, encouraged the growth of various types of specialized households, and promoted commodity production and circulation. As a result, industrial and commercial enterprises have emerged in towns and townships throughout rural areas and some of them have even developed into agricultural,

industrial, and commercial combinations. This development contrasts sharply with the past practice of "making enterprises large in size and collective in nature," that of "taking grain production as the key link," and that of cutting off the "tail of capitalism." After all, do the current policy or the past practices conform to our national conditions and to the scientific socialism? Of course the current policy does. Some comrades are worried that we may deviate from the socialist direction by so doing. According to the basic principles of Marxism, relations of production must keep up with the development of production force, a "socialism" that hinders the development of productive force is by no means the socialism that Marx would expect. We have upheld the public ownership of land. So far, the powerful socialist state-owned economy is still dominating our national economic sectors, and the state is still making use of various policies (first of all the pricing policy) to keep agricultural production on the track of planned and balanced development. This is a socialist economy conforming to the objective laws of economic development as well as to the national conditions of China.

We have also carried out pilot projects of reform in urban areas. In the field of financial control, we have carried out among enterprises the system of fixing a base for profits turned over to the state and sharing out surplus profits according to a fixed ratio, and have encouraged enterprises to make use of their own funds to carry out technical innovation, to provide more welfare facilities, and to award bonuses to staff members and workers according to their contributions. All these measures have been proven quite effective in encouraging enterprises to increase output and income. However, since the reform in other fields fails to keep pace, most state-owned enterprises (large-sized enterprises in particular) are still suffering from the practice of "eating from the same big pot." Without the necessary decision-making power, these enterprises of course cannot give full play to their initiative. For this reason, in his "Government Work Report" given to the NPC held in May this year, Premier Zhao Ziyang put special stress on the reform in economic administrative system in urban areas, and called for enlivening state-owned industrial and commercial enterprises as had been done in the agricultural sector. The intended reform in the industrial administrative system may reap good results comparable to those achieved in the reform in the agricultural administrative system if state-owned enterprises are vested with necessary decisionmaking power to take full responsibility of profits and losses after payment of various taxes; if they have the right to use their own funds to carry out technical innovation, to gear their production to the market demand under the guidance of the state plan, to reform the enterprises' existing personnel management system which hinders qualified personnel from playing their due role and the remuneration system which goes counter to the principle of rewarding hardworking people and punishing lazy people, and to adjust the prices of their products according to the market demand under the supervision by the state; and if efforts are made to ensure a favorable climate for fair competition between enterprises, to encourage combination of enterprises, and thus bring into full play the initiative of enterprises and staff and workers. We have suffered from the practice of "eating from the same big pot" for many years. The economic performance of our industrial and commercial enterprises has been terribly low and waste has been surprisingly high. Without changing such a situation,

we can never really give full play to the superiority of socialism. Only by removing all the obstacles to the development of productive forces can we build up a socialist economy which can suit the developing productive forces. The case of industry is a little more complicated than that of agriculture. As there are closer links between different industrial departments, an overall reform in the whole economic administrative system is necessary. We have carried out the consolidation of state-owned enterprises in the past 5 years and have achieved fair results. However, if we do not restructure the whole economic administrative system, the enterprise consolidation can hardly be fruitful or can hardly retain any results achieved.

In order to enliven state-owned enterprises, it is necessary to carry out an overall reform in the administrative system of the national economy, namely, the reform in the planned control system, financial management system, material control system, personnel and salary management system, price control system, and the relations between the party and the government and between government and the enterprise.

The main purpose of the reform in the planned control system is to give full play to the role of economic levers and to get rid of the past system of economic administration on a departmental and area basis. It is necessary to uphold the socialist economic system which mainly relies on planned control while making the regulation by market mechanism subsidiary. But planned control consists of command plans and guiding plans. The role of guiding plan is to give full play to economic levers so as to bring enterprises onto the track set by the state in accordance with social needs. And, in order to fulfill command plans, it is also necessary to act according to the law of value and give full play to other economic levers. Now that the prices of many commodities are far below their real value, we cannot ban enterprises from "devoting great effort to production of more profitable goods but cutting production of less profitable goods or simply giving up production of nonprofitable goods" after the implementation of the system of enterprises taking full responsibility for their profits and losses. As a result, production can no longer keep in line with the state plan and social needs. In order to eliminate such phenomena, the state has to resort to command planning. So, we can hardly get out of a closed development cycle which can be described in the following formula: tightening of control over enterprises, loss of enterprises' vitality, lifting of restrictions on enterprises, disorder in enterprises after lifting of control, and tightening of control over enterprises again. Another important reason why planned control leads to loss of enterprises' vitality lies in the guiding ideology of high growth and high accumulation, which gives rise to a serious shortage of production means and consumer goods. Thus the implementation of the system of unified procurement and marketing and planned distribution becomes a necessity. Such a system leads to a divorce of production from demand and makes the restoration of balanced production and marketing impossible. Since the rectification of the "leftist" guideline for construction, the scale of capital construction has been reduced, priority has been given to the development of agriculture and light industry, and production means and consumer goods are in more and more ample supply. This development has created good conditions for reform in the system of planned control.

Another shortcoming of the planned control system is that plans are drawn up on a departmental and area basis. This system which gives rise to separation between different departments and between different areas is unfavorable to the establishment of enterprises jointly operated by different trades and different areas. Socialized mass production requires division of labor and cooperation between different trades and between different areas. Such horizontal links have been strengthened in the past 5 years, and the planned control system featuring the separation between different departments and areas is becoming more and more incompatible to the new situation. Planning departments and various units in charge of vocational work must give up the old practice of administration by trade and encourage and coordinate the establishment of enterprises jointly operated by different trades and different areas. And they must make effort in gradually engaging in the coordination between enterprises and different areas instead of solely depending on the planned control system drawn up on a departmental and area basis. Now that the central authorities call for establishment of an economic structure characterized by an enterprise network jointly operated by different trades and different areas, it is in this direction that the planned control system should develop.

The reform in the financial control system. Before 1978, we had basically carried out a financial control system characterized by the practice of "eating from the same big pot" under which the areas and enterprises that were making profits had to turn over to the state all or most of their profits made while those suffering losses got subsidies from state financial organizations. This system seriously fettered the decisionmaking power and initiative of various areas and enterprises. From 1978 on, we have enforced step by step the system of fixing a quota for profits turned over to the state and sharing the surplus profits according to a set ratio. This system, which encourages localities and enterprises to make more money and to reduce expenditure and allows them to keep a certain amount of funds to finance local construction and technical innovation projects, is superior to the system of "eating from the same big pot" characterized by unified control of revenue and expenditure. But, basically speaking, this is a system of turning over profits to the state. As the quota of profits turned over to the state is fixed based on the amount of profits turned over in a selected year, it is hard for those advanced enterprises with a higher base of profits turned over to the state to overfulfill their profit quotas while those backward enterprises can usually take advantage of their lower base of profits turned over to the state. Such a method of "whipping the cattle that go faster" is by no means a good way to inspire the advanced units and spur the backward. It will not help to solve the problem of unfair distribution between different areas and between enterprises. From this year on, the system of "substituting tax payment for profit delivery" is implemented. Enterprises are required to pay income tax instead of turning over profits to the state. In view of the fact that the commodity prices have not yet been adjusted, enterprises are required, before the payment of income tax, to pay a kind of product tax which is calculated based on the profitability of different products, with the aim of easing the unfairness arising from the present unreasonable pricing system. This method, which allows various enterprises to compete on an equal footing, will help to inspire the advanced and spur the backward. The combination of the system

of substituting tax payment for profit delivery and the expansion of the enterprise's decisionmaking power will serve as a great motive force to push the enterprise to improve its operation and management.

The reform in the system of commodity circulation, distribution of production means, and foreign trade management. We were forced to implement the system of state monopoly for purchase and marketing in the past because of the shortage of materials. Our plants produced goods according to the state plan, while our commercial departments procured goods according to the state plan and sold what were available, without considering the specific demands of the market and the people. Now that commodities are in more and more ample supply, the conditions for a radical reform of the old circulation system are available. Except for a handful of items of materials in short supply which still have to be kept under the control of the system of state monopoly for purchase and marketing, commercial departments should now purchase goods from plants on a selective basis in accordance with the market demands. And the plants have the right to market on their own the products that the commercial departments do not purchase. The plants can also produce a wide range of new products to meet the market demands, market these products on their own, or appoint the commercial departments as their sale agents. The state has demanded that more circulation channels (including channels run by the state, the collective, and the individual) be developed and circulation links be reduced from this year on. The three-level wholesale system practiced in the past is being replaced by trade centers and different forms of commercial units consisting of different components. Under the old system of state monopoly of purchase and marketing, quotas are distributed on a departmental and area basis. This system, which separates and blocks different departments and areas from each other, hinders the circulation of commodities. The closed markets under such a system are going to be replaced by open markets which are linked to each other by various channels, and a new situation of brisk markets is going to emerge.

So far, many products in short supply are still subject to control by the system of planned distribution, because means of production are still in short supply. However, it is becoming more and more obvious that the system of planned distribution cannot meet the needs of production and construction. In the case of many products subject to planned distribution (such as coal and timber), surplus products have to be sold at negotiated prices after the production quotas are fulfilled. It is necessary to establish a direct link between the producer and purchasers (including marketing enterprises) for the marketing of a greater number of products (such as machine products). We hope that the shortage of production means will gradually be eased as a result of the strict control over the scale of capital construction, so that exchange of commodities in the market will become possible.

Foreign trade used to be operated in a unified way by the Foreign Trade Ministry in the past. Import and export companies practiced the system of "eating from the same big pot," subsidizing those departments suffering losses with the profits made by other departments. As a result, these companies suffered serious losses and survived on subsidies from the financial departments. As the enterprises that produced export products got no access

to the international market and did not know what foreign buyers wanted, their exported products had no competitive power. From 1979 on, certain areas and enterprises have been allowed to handle foreign trade on their own in an effort to get rid of the shortcomings of the system of unified operation. However, separate management of foreign trade without centralized coordination has set the enterprises against each other and has thus inflicted heavy losses upon the state. From this year on, foreign trade is subject to unified administration by the Ministry of Foreign Trade, the establishment of any foreign trade office in foreign countries, Hong Kong, and Macao is subject to ratification by the Ministry of Foreign Trade, many types of commodities are imported and exported on licenses issued by the Ministry of Foreign Trade, and the minimum prices of certain export products are fixed. The Ministry of Foreign Trade should implement the system of separation between administration and enterprise operation, namely, various specialized companies must be united with the import and export units of various areas and departments, operate independently, and take full responsibility for profits and losses. The Ministry of Foreign Trade will no longer intervene in the business operation of these specialized companies but concentrate its attention instead of coordinating and supervising foreign trade enterprises.

The reform in the personnel management and salary system. In the past all the leading cadres of enterprises were appointed by the superior, and staff members and workers were assigned by labor bureaus. As a result, enterprises were overstaffed. Last year, we began to streamline the leading bodies of enterprises. This year, since the director (manager) responsibility system is being enforced step by step, plant directors are beginning to assume the duty of business management. They have been vested with the power of recommending candidates for deputy director while the superior administrative organizations keep the right of appointment. The administrative committee is to be formed by the director, the deputy directors, the chief engineer, the chief accountant, and so on. The upper level is to select and appoint the leading cadres at its immediate lower level. The organizational system and the size of staff are to be fixed based on the actual needs. In case of vacancies, the plant can promote its own employees to fill the positions or recruit suitable people from outside the plant on a selective basis. Those redundant and incompetent staff members can be removed from the rolls and be reorganized to form new labor service companies and various production service enterprises, meeting the needs of the plant's staff or providing service to people outside the plant. Those surplus laborers which the plant cannot take care of will be handed over to labor departments which will set up labor service companies to arrange jobs for them. They are also encouraged to look for jobs on their own. Those who are really unsuitable for employment should quit working and be granted a discharge pension or relief fund if they really have difficulties in sustaining a living. Each staff member and worker has the chance to be promoted or demoted, and his salary is fixed according to his position. From now on, new staff members and workers are to be recruited under an open recruitment plan on a selective basis. All newly employed staff members and workers have to sign 1-3 year contracts with the employer. On the expiry of their contracts, these contract staff members and workers will have to sit

for an assessment examination. Only those who pass the examination will become regular staff members and workers. This system has been put on trial in Shoudu Iron and Steel Corporation in Beijing and in other units.

In the past, the salary system was under the centralized control of the state, with little difference between different areas and trades. Under the old system, when a staff member or worker of a certain trade is transferred from one area to another area to undertake a new position in another trade, he will be paid according to the original pay scale being used in the trade and the area where he is transferred from. His salary will never be reduced but can be increased. As the staff members and workers of many newly built large-scale enterprises usually come from different places, the enterprises have to apply different pay scales to different people. This gives rise to a lot of confusion and somewhat violates the principle of distribution according to work. The enterprise's performance is not linked to the promotion of its staff members and workers. It is up to labor departments to decide the proportion of promoted staff members and workers and to set uniform requirements for promotion. As an upper limit for bonus is fixed, many enterprises try to pay out as much bonus as the upper limit allows. Such a salary system, by failing to make the reward for the staff match the enterprise performance, goes counter to the principle of commending the hardworking people and punishing the lazy ones. While incompetent and irresponsible staff members and workers are overpaid, those competent, hardworking, and responsible people still get as little salary as they used to be paid although they have already been promoted to higher positions. As long as such a salary system remains unchanged, our enterprises will never be able to improve management efficiency. In the past few years some plants have carried out pilot projects for the reform in the salary system. Under the new system, the state only fixes the total sum of the salaries for the whole staff of an enterprise. It is up to the enterprise to decide on the position of each staff member and his grade on the pay scale. The enterprises that make more profits can pay out as much bonus as they can and there is no upper limit for bonus (if the sum of bonus exceeds a certain limit, the enterprise will have to pay income tax). The enterprises that suffer losses because of poor management will not pay out bonus. They can even deduct a part of the staff's salary and there is no guarantee of a basic salary level for the staff and workers. The implementation of the new personnel management system and the new salary system will serve as a strong motive force in improving enterprises' management and enhancing the staff and workers' initiative.

Adjustment of commodity price and the reform in the commodity price control system. In the past, in view of the fact that the supply of many products falls short of the demand for them, the state used to exert very strict control over commodity prices lest prices go up. During the 10 years of turmoil, the State Council ordered a freeze of commodity prices in order to prevent chaos in the market. In the past 10 years, the cost of various products has changed so considerably (the cost of farm products and mineral products has risen while the cost of processed goods has declined) that the prices of many products substantially deviate from their real value. Such an irrational pricing system has not only hindered the reform in the

planning, financial, and foreign trade administrative system but has also led to a divorce between industrial production and market demand, the long-standing shortage of some products, and the protracted overstock of some other products. The irrational pricing system has also prevented enterprises from carrying out accurate economic accounting. A fair assessment of the performance of enterprises has been impossible since both production cost and output value have never reflected the actual economic results. Unreasonable prices have also obstructed a reasonable division of labor between different areas (the areas with potential to produce raw materials have been reluctant to give full play to their favorable conditions) and the exchange of some products between different areas (for example, some areas producing grains and cooking oil have been reluctant to sell their surplus products to those areas that lack grains and oil). Therefore, the reform in the existing irrational pricing system has become the key link to the reform in the whole economic administrative system.

For many years China has been the country with the most stable commodity prices in the world. Being deeply impressed with the vicious inflation before liberation and used to equating propaganda for stabilization of commodity prices to the practice of freezing prices, we have cultivated a wrong concept that commodity prices cannot be raised but be reduced. A rise in the price of any product may arouse objection from the broad masses who are afraid that a rise in the price of a commodity will lead to a series of reactions, being ignorant of the fluctuation of commodity prices as an objective law of economic development. An overall increase in commodity price is the result of actual currency issue exceeding the demanded currency circulation. In March 1950, we put an end to the vicious 12-year inflation by cutting down the currency circulation. In the early 1960's, we kept country fair commodity prices down and ensured the supply of some commodities at lower prices also by cutting down the currency circulation more than before. On the two previous occasions, we kept commodity prices down under the condition of decline in industrial and agricultural production and shortage of commodities. This time, we are adjusting commodity prices under the conditions that production output has considerably increased and the supply of commodities is becoming more and more ample. As long as the currency circulation is kept under control (that is, a synchronous increase in both monetary issue and commodity sale volume is maintained), it is certainly possible to adjust commodity prices while maintaining an overall stable price level. The adjustment of the prices of pure cotton cloth and chemical fiber fabric last year was one of the successful cases. Before the adjustment of prices, as production of pure cotton cloth was unprofitable because of a continuous rise in the price of cotton, pure cotton cloth could only be supplied on a limited quota basis. On the other hand, although the production cost of chemical fiber fabric had dropped rapidly, the price was kept high lest financial revenue decrease. As a result, there was serious overstocking and textile mills were forced to cut down the production of chemical fiber fabric. As soon as the price of pure cotton cloth was raised and that of chemical fiber fabric was substantially reduced, both the sale volume and production output of chemical fiber fabric have risen drastically, whereas pure cotton cloth is open to unlimited supply because of decline in sale. If we had used the method of product tax adjustment to ease

the contradiction instead of adjusting the prices, we would have only been able to fulfill the purpose of restricting production output by raising the tax rate on chemical fiber fabric, but not to raise both production output and sale by cutting prices.

At present, commodity production keeps on developing. The law of value is bound to play a role under the condition of commodity production, and violation of the law of value will surely lead to losses. Now that the pricing system is seriously divorced from the law of value, raising the prices of coal, oil, and other raw materials will mean raising the production cost of many products. Therefore, it is necessary to take the whole situation into consideration in working out the plan. The operation to solve the problem of procurement prices of grains, cooking oil, and other consumer goods being higher than their selling prices must be carried out along with the raising of salary and the reform in the salary system. All these problems need careful studies and planning. The belated starting of the operation does not mean that the state overlooks the adjustment of the pricing system. In fact, meticulous preparations must be made before the adjustment of prices. After the commodity prices are adjusted, we will be able to lift price restriction on most products and use instead the method of monetary issue control to maintain a stable overall commodity price level. So far we have lifted the price control over most petty commodities and let the market mechanism freely play a regulative role. This has not led to an extensive rise in commodity prices. One should not be worried about panic purchase of textile products and many other daily consumer goods because there is an ample stock of all these goods. Therefore, there will not be an extensive rise in prices after the control over commodity prices is lifted.

The final reform consists of the separation of the party from the government as well as government work from enterprise management and the process of streamlining administration and delegating power to lower levels. In the past, as the party superseded the government while government work in its turn superseded enterprise administration, the party and government organizations directly intervened in enterprises' daily operation. From now on, the function of the party committee is to see that the enterprises abide by the laws and decrees promulgated by the state and implement the principles and policies laid down by the party, without intervening in the enterprises' daily operation. The party committee should shift its focal point of work to safeguarding party style and party discipline and to strengthening political and ideological education for the staff and workers and party members in particular. The administrative departments in charge of vocational work under the governments at all levels should shift their focal point of work to the overall planning and coordination of a whole trade, to make sure that enterprises fulfill the state plan and abide by the laws and decrees, without intervening in the enterprises' daily operation, so that the director responsibility system can be carried out smoothly. From now on, the party committee, the director (or manager), and the trade union must take care of their own work, closely cooperate, and make common efforts to fulfill the production tasks assigned by the state and meet the market demand. The party committee and the administrative departments in charge of vocational work still shoulder heavy duties under the new system. The

organizations at the upper levels must concentrate their attention on macro-economic administration, see that all the enterprises properly complete their tasks and cooperate with each other, ensure a balance between supply and demand, promote technical innovation, speed up training of technical personnel, and get rid of the administrative system of divided leadership with different commanding organs supporting each other. We can predict with full confidence that the magnificent goal put forth by the 12th CPC National Congress is bound to be fulfilled through the common efforts of the whole party and the people throughout the country in the wake of the reform in the economic administrative system and the liberation of productive forces.

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XIZANG IS MARCHING VICTORIOUSLY IN THE GREAT FAMILY OF THE MOTHERLAND--  
CELEBRATING THE 35TH ANNIVERSARY OF THE BIRTH OF THE PRC

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[Article by Ngapoi Ngawang Jigme]

[Text] This year's national day is the 35th anniversary of the founding of the PRC. During the past 35 years, under the correct leadership of the CPC and through the joint struggle of the people of all nationalities throughout the country, our great motherland has negotiated an arduous and twisting path and scored great achievements. Now, with pride we see that under the guidance of the correct line that has been formulated since the 3d Plenary Session of the 11th CPC Central Committee, our socialist modernization has been making steady progress and the great undertaking of revitalizing China is developing prosperously. Thanks to the concern and help of the big family of the motherland and through the common efforts of the people of Zang, Han, and other nationalities, an earth-shaking change has also taken place in Xizang Autonomous Region. Xizang's achievements and change is a part of the great achievements of our motherland. Xizang is making progress in victory and marching toward a bright future inside the big family of the motherland.

1. Only in the Big Family of the Motherland Can Xizang Have a Bright Future

Not long after the founding of the PRC, under the influence of the wise policies of the CPC and urged by the vast number of people in Xizang, the former Xizang local government sent representatives to Beijing to hold peace talks with the Central People's Government and signed on 23 May 1951 the "Agreement on Measures for the Peaceful Liberation of Xizang." Thus Xizang was liberated and returned to the big family of the motherland. Since that time, it has forever been free from the aggression and fetters of imperialists and begun a new chapter in its history. This was a major event that determined the destiny and future of Xizang. It was also an event in achieving the unification of the mainland of the motherland and strengthening the unity between various nationalities inside our country.

Xizang is an inseparable part of China's territory. Since the 7th century when Xizang King Songzain Gambo married Princess Wen Cheng of the Tang

Dynasty, Xizang has developed day by day close political, economic, cultural, and other relations with the people of the various nationalities in the hinterland and has been as "friendly with them as members of the same family." In the middle of the 13th century when the central government of the Yuan Dynasty unified with the whole of Xizang, it appointed the administrative officials, checked the residence register, stationed troops, and set up posts there. Thus it exercised its rule over the local administration in Xizang. Through the development over several hundred years of the Ming and Qing Dynasties, the unified relations between Xizang as a local area and the motherland was continuously strengthened. In spite of the gaps between the various nationalities which were caused by the policies of national discrimination and oppression of the central ruling cliques of the various dynasties toward Xizang, the unified situation that lasted for a long time in the history promoted the stability and development of Xizang's society, strengthened the links, and unity between the people of all nationalities. As a result, Xizang's destiny has been closely linked with the destiny of the motherland. By the end of the Qing Dynasty, imperialists took advantage of the weakness, corruption, and humiliation of the central government of the Qing Dynasty to sow discord between Xizang's local government and the central government and step up their aggression against Xizang. After the Qing Dynasty was overthrown, because of the consecutive years of tangled warfare and because Xizang was in a border area that was hard to get to, the central government was unable to take care of Xizang. This was even more the case during the rule of the KMT. In those periods, under the instigation and support of imperialist countries, some Xizang separatists took advantage of this situation to carry out the so-called "Xizang independence" activities. They plotted a series of incidents and wantonly attempted to sever Xizang from the big family of the motherland. The vast number of Xizang people and patriots always opposed this practice of splitting the motherland, but imperialist aggression aggravated day by day the crisis in the relations between Xizang and the motherland. At this emergent juncture, the CPC and the Central People's Government adopted wise policy decisions, roused the patriotic enthusiasm of the vast number of Xizang people and patriots which had been constrained for a long time, achieved the peaceful liberation of Xizang and made Xizang return to the motherland. Clause 1 of the "Agreement on the Measures for the Peaceful Liberation of Xizang" goes as follows: "The people of Xizang rally together to drive out imperialist aggressive forces and return to the big family of the PRC." At first, a small number of diehards did their utmost to oppose the agreement and wantonly wanted to negate it. However, it was impossible to reverse the trend of history and their attempt ended in a thorough failure. In his message of greeting to Chairman Mao in October 1951, Dalai Lama publicly declared that he supported the agreement on the measures for the peaceful liberation of Xizang. He said: "The Xizang local government and the people of the Zang nationality, both lamas and laymen, unanimously support the PLA units that have entered Xizang and under the leadership of Chairman Mao and the Central People's Government, will conscientiously help these units to consolidate the national defense, drive imperialist forces out of Xizang, and safeguard the integrity of the territory of the motherland." Historical facts fully prove that the so-called "Xizang independence" was utterly groundless.

During the over 30 years since the peaceful liberation of Xizang, the party, the state, and the people of all nationalities throughout the country have shown unparalleled concern for and rendered tremendously great support to Xizang people. This has played a decisive role in the development of various undertakings in Xizang. Xizang's construction funds and administrative expenditure have basically been allocated by the central government and most of the materials and goods that it needed for its various construction projects and for its people's livelihood have been carried in from other parts of the motherland. Since 1952, the central government has subsidized Xizang with a total of 7.2 billion yuan. In the past, Xizang was hard to get to and there were no highways there. Under very difficult conditions and with a serious shortage of materials and goods at that time, the state first built the Sichuan-Xizang and Qinghai-Xizang highways and then built the Xinjiang-Xizang and Yunnan-Xizang highways. Thus, there has gradually emerged a road network with Lhasa as its center that extends in all directions. In addition, a highway has been built to link China with Nepal. In the field of civil aviation, two airlines have been opened up to link Lhasa with Chengdu and Xian. All these have played an important role in promoting Xizang's economic and cultural development. In the past, except for traditional handicraft industry, Xizang basically had no modern industry. Now, it has established medium-sized and small industrial enterprises in various fields including energy, water conservation, machinery, textiles, leather, timber and food processing industries. There has also been great development in cultural, educational, public health, and other fields. All these have greatly changed Xizang's situation of poverty and backwardness.

Before liberation, Xizang's society was a very backward feudal society and the vast number of serfs suffered all kinds of oppression and exploitation. The old system seriously impeded the development of the productive forces, the social development was very slow, and the people there were in an abyss of misery. After the Xizang upper-strata reactionaries launched an armed rebellion and tore up the "Agreement," the central authorities carried out a democratic reform in Xizang in accordance with the demand of the vast number of serfs and progressive patriots. The vast number of serfs have thus been freed from the fetters of feudal serfdom and have been given new lives. Later, the party guided the vast number of serfs to follow the path of mutual aid and cooperation. As a result, Xizang jumped from a feudal society into a socialist society. In order to enable Xizang people to fully exercise their power as masters of their homeland, in 1965, the Xizang Autonomous Region was established.

The central authorities have always attached great importance to the handling of nationality problems in Xizang and have firmly carried out the policies of equality between nationalities and of nationality regional autonomy. During the more than 30 years in the past, a large number of cadres and various kinds of professionals of the Zang nationality have been trained and thus a contingent of cadres and intellectuals of Zang nationality has emerged. This contingent is an important guarantee for the implementation of nationality regional autonomy and for the construction in Xizang. Like all other areas in the country, in Xizang, the Zang

nationality has established and developed equal, united, and mutual-assistant socialist relationship with the Han and other nationalities. This is a sharp contrast to the policies of national discrimination and oppression that were implemented by the reactionary ruling classes in the past. Through over 30 years of practice, the people in Xizang have fully realized that without the leadership of the CPC and without the great big family of the socialist motherland, it would have been impossible for Xizang to make any progress and development. Under the leadership of the CPC, Xizang people will follow, together with the people of all nationalities throughout the country, the path of all nationalities uniting, being friendly with and relying upon one another, and jointly building socialism. Only by so doing can the Xizang people have a boundlessly bright future.

## 2. Proceed From Xizang's Reality in Doing Everything

For over 30 years, the CPC Central Committee has proceeded from the reality in Xizang and made a series of wise policy decisions that have achieved fine results and won the enthusiastic support of Xizang people. However, in its course of progress, it has also undergone twists and turns and, for a period, because of the failure to act very satisfactorily in the light of the reality there, we made some mistakes in our work. During the 10 years of civil disorder, because of the sabotage of Lin Biao and Jiang Qing counterrevolutionary cliques and because "leftist" thoughts ran rampant, Xizang's specialty was entirely negated and we thus suffered serious losses in our work. Through summing up our rich experiences, both positive and negative ones, we find that the most fundamental principle is that in any time and under any circumstances, we should seek truth from facts and proceed from reality in doing everything.

After the mainland of the whole country was basically liberated, the central authorities made a policy decision on the peaceful liberation of Xizang. This avoided the tremendously great losses that an armed liberation would have perhaps brought about, and is conducive to strengthening in the unity between various nationalities and to the stable development of the society. In the light of the social and historical reality at that time, the "Agreement on the Measures for the Peaceful Liberation of Xizang" stipulates that the existing position and power of the office of the Dalai Lama and the current political system in Xizang will not be changed and the problem related to the various kinds of reform in Xizang should be solved through consultation among the majority of Xizang people and the leading officials. The central authorities gave instructions on carrying out the work concerning the broadest anti-imperialist patriotic united front with the upper strata, striving to unite with all the upper strata nationality and religious personages and adhering to the principle of making prudent and steady progress in doing all our work. All these were the special and flexible policies that were adopted in light of reality in Xizang. In addition, as the PLA units and the working personnel who entered Xizang firmly implemented the "Agreement" and the party's nationality policies, strictly observed the three main rules of discipline and eight points for attention, and did good things for the people everywhere, they quickly won the wholehearted support from the people of various circles in Xizang.

During the initial period of liberation, mighty movements of suppressing counterrevolutionaries and agrarian reform were carried out throughout the country and next there was a national cooperation campaign. By 1956, the task of socialist transformation was in the main fulfilled. The Central People's Government abided by the principles of the "Agreement" and continued to maintain the original social system. However, in 1957, in his article entitled "On the Correct Handling of Contradictions Among the People," Chairman Mao reiterated: "According to the 17-article agreement reached between the Central People's Government and the local government of Xizang, the reform of the social system must be carried out, but the timing can only be decided when the great majority of the people of Xizang and the local leading public figures consider it opportune, and one should not be impatient. It has now been decided not to proceed with democratic reforms in Xizang during the period of the Second 5-Year Plan. Whether to proceed with them in the period of the Third 5-Year Plan can only be decided in the light of the situation at the time." At that time, this special policy was implemented only in Xizang. It was precisely because the work principles and policies were decided on in the light of the actual conditions, in the period from 1951 to 1959 in Xizang, the society was stable and developed, the unity between Zang and Han nationalities was strengthened, and marked achievements were scored. Later, even though a small number of upper-strata reactionaries launched an armed rebellion and tore up the "Agreement," the Central People's Government still implemented some of the basic principles stipulated in the "Agreement" in guiding the various work in Xizang.

After the rebellion launched by Xizang upper-strata reactionaries in 1959, under the leadership of the central authorities, Xizang carried out in a timely manner the struggle to put down the rebellion and the democratic reform. Practice has proved that these policy decisions and measures were entirely necessary and correct. However, because at that time a "leftist" trend began to emerge in some aspects of the guiding principles of the central authorities, this trend also had some impact on Xizang. Some areas expanded the scope of struggle in putting down the rebellion and hurt some good people, and during the democratic reforms, there also emerged a tendency of being overanxious for carrying out a transformation to cooperatives. However, at that time, the central authorities still issued some correct directives. In 1961, in order to counter the ideas of some cadres who wanted to carry out cooperative transformation in the manner of striking iron when it was hot, the central authorities issued an instruction that a principle of steady development had to be implemented in Xizang and that no cooperatives or even less people's communes should be set up. Even experiments in the establishment of cooperatives were not to be carried out in order that the liberated peasants and herdsmen could enjoy the benefits that the democratic reform would bring to them. Chairman Mao once said to me in Beijing: "It is wrong to carry out experiments of establishing cooperatives and I have already told them to stop the experiments. Through democratic reform, the liberated serfs in Xizang have got their shares of land and we should let them fully enjoy the happiness of tilling their own land. In this period we should not only refrain from setting up cooperatives, but should also refrain from experimenting in setting up cooperatives." At

another time, in 1962, I think, after listening to the opinions reflected by us, Premier Zhou gave a directive on the problem of correcting the mistake of expanding the scope of struggle in putting down the rebellion. Immediately after this, the preparatory committee of the autonomous region set up a leading group to reexamine the cases and released some people we had wrongly arrested. However, later because of the interference of "leftism," we failed to continue this work to the end and thus some consequences remain.

In 1966, the "Great Cultural Revolution," a movement that was wrongly launched by leading persons and that was exploited by counterrevolutionary cliques and thus caused a disastrous civil disorder to the party, the state, and the people of all nationalities, took place. The fierce wave of this movement spread to the whole of Xizang and washed away all the correct principles and policies that had previously been implemented there. The correct guiding idea of proceeding from the reality in Xizang in doing everything was criticized and repudiated as the "theory of specialty." The principle of steady development was vilified as a principle of steadily developing capitalism. Nearly all the nationality, religious, and united front policies were completely negated and the work in these fields was branded with the labels of "revisionism" and "capitulation." The religious and upper-strata patriots were regarded as "monsters and demons." Temples were regarded as the targets in destroying the "four olds" and most of them were destroyed. In particular, after 1969, an all-round campaign for the establishment of people's communes forced Xizang excessively beyond the level of development of the productive forces. This injured the initiative of the peasants and herdsmen, seriously undermined production and caused the livelihood of the masses in some areas to worsen. The masses of people said at that time: "The two ends are bad, but the middle is good." One of the two ends denotes the period before the democratic reform when they suffered oppression and exploitation by feudal lords. The other of the two ends denotes the period of the "Great Cultural Revolution" and the campaign of establishing people's communes when they suffered from "leftism." The middle denotes the period after the democratic reform when the principle of steady development was carried out and the peasants and herdsmen became masters of their homeland, developed production and improved their livelihood. These words reflected the personal feelings of the masses of the people and conformed to the actual situation of the development of the work in Xizang. They reflected a principle: When we proceed from reality in doing everything, we will achieve development in our work and when the reverse is the case, we will suffer setbacks in our work.

Since the 3d Plenary Session of the 11th CPC Central Committee, we have begun to conscientiously correct, in an all-round manner, the mistakes during and before the "Great Cultural Revolution," put forth the correct principle of "emancipating our minds, using our brains, seeking truth from facts, and uniting as one in looking forward," and reestablished the Marxist ideological, political, and organizational line. In April 1980, the central authorities held a forum on the work in Xizang and gave important instructions on the work in Xizang. Later, Comrades Hu Yaobang and Wan Li went to Xizang to inspect the work and they gave many important speeches and instructions. In the light of the current situation in Xizang, the central

authorities put forth the policy of letting Xizang recuperate and multiply and called on Xizang people to unite as one and carry out struggle to build a united, rich, and civilized new Xizang. During the past few years, Xizang has implemented the directives of the central authorities, scored marked achievements in all its work, and thus brought about a great change in the situation there. In order to more accurately, thoroughly, and profoundly understand the reality in Xizang and formulate, in light of the reality, the principles and measures for the work in Xizang in a period to come so as to push forward the work in Xizang, this year the Secretariat of the CPC Central Committee summoned, in a timely manner, another forum on the work in Xizang to gain a "reunderstanding" of Xizang. Undoubtedly, this "reunderstanding" will surely play a tremendously great role in continuing to emancipate people's minds, and thoroughly eliminating the impact of "leftist" thoughts, make the subjective conform more satisfactorily to the objective world and thus promote the development of the work and construction in Xizang. It will produce a far-reaching impact.

Xizang is an area with very outstanding special characteristics concerning its natural surrounding, history, politics, nationality, religion, culture, and its response to external influence. It not only differs greatly from other provinces in the hinterland, but also differs in many ways from Nei Monggol, Xinjiang, and other nationality autonomous regions. The special characteristics of Xizang are mainly shown in the problems relating to nationality and religion. Xizang was basically an area with a unique nationality--the Zang nationality--which lives in a close-knit community and which constitutes more than 94 percent of the population there. In the process of their prolonged historical development, the Zang nationality formed their unique national psychology and feelings and their customs and habits. The people of the Zang nationality have also created, in their long history, a magnificent culture. Because of these historical and practical conditions, the nationality problem in Xizang is of a very special nature. Religion has a special influence in Xizang and basically all the people in Xizang believe in Lamaism. Lamaism has had over 1,300 years of history in Xizang and as Xizang is an area hard to get to and has long been in a state of isolation or semi-isolation the influence of religion is even more deep-rooted than in other areas. Chairman Mao pointed out long ago: In considering any problems concerning Xizang, we should first think about two things, nationality and religion, and all our work must be carried out prudently and make steady progress. Concerning nationality and religious problems in Xizang, we should continue to deepen our understanding, and prudently and correctly handle them. Failure to pay attention to or study these characteristics or adopt an attitude of utterly denying the existence of them will not be conducive to understanding and handling the problems relating to Xizang. At the same time, if we pay attention only to Xizang's special characteristics and overlook its commonalities with other areas in the whole country or if we even think that Xizang can be "independent," we will commit even greater mistakes. We should steadfastly implement the central authorities' instructions on the work in Xizang, persist in proceeding from reality in doing everything, and do the work in Xizang more satisfactorily.

### 3. Speed Up Xizang's Economic and Cultural Development

During the past 30 years and more, with the concern and help of the party and the state and through the common efforts of the cadres and masses of people of all nationalities and the PLA in Xizang, Xizang has made great economic and cultural development. This would have been impossible under Xizang's old system. At the same time, we admit that because of the influence of "leftism," for a very long time in the past, we failed to be able to concentrate our major energy on economic and cultural construction. Since the 3d Plenary Session of the 11th CPC Central Committee, we have brought order out of chaos and switched the focus of our work onto socialist construction. Xizang has also gradually done so.

The CPC Central Committee's instructions on the work in Xizang clearly points out that we should strive to develop as soon as possible the economy of the autonomous region and enable the people throughout the region to become rich. This is the core of the CPC Central Committee's instructions, which have grasped the key to the work in Xizang. The CPC Central Committee has also proceeded from Xizang's characteristics, further relaxed the policies and formulated a series of special policies and flexible measures. In order to enable the masses of people to continue to recuperate and build up their strength, the CPC Central Committee has decided to extend the policy of exempting taxes and purchase quotas for goods to the year 1990, the policy of ceasing planned purchases of grain, butter, and meat at negotiated prices or any such purchases in disguised form, and the policy that the allowances for commune and production team cadres should be defrayed from local finances and the living expense for five-guarantee households should be defrayed from social relief funds. At the same time, it has clearly formulated the principle that Xizang should regard animal husbandry as the main undertaking, combine animal husbandry, agriculture, and forestry, develop itself in the light of local conditions, engage in diversified undertakings, and develop commodity production. At the same time, it has further relaxed the policies and adopted effective measures to guarantee the peasants' and herdsmen's decisionmaking power in carrying out production, further improve and perfect the production responsibility system geared to agriculture and animal husbandry, enlivened commerce, promote the rapid development of agriculture, animal husbandry, forestry, and national handicraft industry, further relax the policies, and adopted effective measures. For a time into the future, in doing our economic work, we shall further emancipate our minds, and focus on grasping two major tasks--relaxing policies and opening up to the external world. On the one hand, we should proceed from Xizang's reality and do our work soundly and according to our capability. On the other hand, we should take a broad and long-term view into the future, conscientiously study and introduce from abroad advanced science, technology, and management experiences and conscientiously create conditions to greet the new technological revolution.

Exploiting energy and developing transportation is of special importance for building a new Xizang. Xizang has rich resources of energy including water power, geothermal energy, wind power, and solar energy. Xizang ranks second in the nation for its water power resources. As long as we vigorously

exploit our energy resources and give play to our advantages in having rich energy resources, we will be able to lay a sound foundation for the development of Xizang's economy and culture. Under Xizang's current conditions, it will be difficult for a rather long period to build a railway in Xizang, hence this requires us to look for, through practice, feasible method to develop transportation. In the future, we should maintain and transform, in a planned and well-arranged manner, the Qinghai-Xizang, Sichuan-Xizang and other backbone trunk highways and other existing highways, improve the quality and capacity of the roads, and vigorously develop road transportation. We should speed up the development of air transportation, quickly improve our air transport capability and thus be able to transport urgently needed materials, goods, and equipment. Now, other provinces, municipalities, and regions in the whole country are giving Xizang great aid in the form of "mutual support between parallel departments." This year, in order to greet the 20th anniversary of the founding of the autonomous region with new features of construction, it has been decided that Beijing, Shanghai, Tianjin, Jiangsu, Zhejiang, Fujian, Sichuan, Guangdong, and other provinces and municipalities, and the relevant departments of the State Council will help Xizang build 43 medium-sized and small projects that it urgently needs at present. These projects include power stations, hotels, schools, hospitals, cultural centers, and some medium-size and small industrial enterprises. Construction of these projects has already started one by one. The CPC Central Committee and the State Council have, furthermore, set up a Xizang Economic Work Advisory Group to help the CPC committee and people's government of the autonomous region to study and formulate long-term construction plans and to satisfactorily do the economic work.

While building socialist material civilization, we must strengthen the construction of our socialist spiritual civilization. In Xizang, we should first make efforts to satisfactorily run our educational undertakings, continuously improve the quality of education, train a large number of various kinds of professional personnel for ourselves, and further change the backwardness in our science and culture. In running our education, we must proceed from Xizang's reality and characteristics, gradually achieve the aim of using the Zang language as the main language of education, make our syllabus and the content of education simple and well-selected and make them suited to the level of Xizang's economic and cultural development. Our teachers should be well-paid. We should set up a Xizang university as soon as possible in accordance with the instructions of the central authorities. Xizang has its traditional culture which consists of its own unique language, literature, art, medical science, and calendar. Under the pre-conditions of adhering to socialism, we should conscientiously inherit and develop its fine tradition and special features and thus more satisfactorily serve the people of Xizang. At the same time, we should make efforts to study and absorb the fine culture of Han and other fraternal nationalities and continuously enrich the culture of our nationality. We should publicize and adhere to the idea of the "two inseparabilities"--minority nationalities cannot be separated from the Han nationality and vice versa. On the basis of adhering to the four basic principles we should establish a socialist spiritual civilization with the characteristics of Xizang's nationalities.

During the past 30 years and more, we have already scored great achievements. Now, we are faced with new and more glorious and more arduous tasks. As long as under the leadership of the CPC Central Committee, we conscientiously implement in an all-round manner the central authorities' instructions on the work in Xizang, persist in proceeding from reality in Xizang, unite with all the forces that can be united with, give play to all positive factors, and have the courage to explore, blaze new trails, and carry out reforms, we will surely be able to overcome all difficulties, continuously create a new situation in Xizang's socialist modernization, and build a united, rich and civilized socialist new Xizang.

CSO: 4004/3

## THE NEW LOOK OF TRANSLATION WORK

Beijing RED FLAG in Chinese No 18, 16 Sep 84 pp 15-16

[Article by Jiang Chunfang [1203 2979 5364]]

[Text] We have made great achievements in our socialist construction in the past 35 years since the founding of the PRC. This is also reflected in our translation work. Translation work has existed in our country since ancient times. In modern times, translation work has played an important role in facilitating cultural exchanges between China and other countries. In particular, since the early years of this century, translation work has made major contributions to the dissemination of Marxism-Leninism in our country and to the introduction of Western science, technology, arts, and literature into China.

The theoretical foundation which has guided the Chinese revolution to success is Marxism-Leninism. Since its founding, our party has attached great importance to the translation and dissemination of the classical works of Marxism-Leninism. Whether in the revolutionary bases during the agrarian revolutionary war or in Shanghai during the years of the "White terror" and the "cultural encirclement and suppression," the party tried by every possible means to translate and publish as many revolutionary theoretical works as possible in spite of the great difficulties and hardships. During the anti-Japanese war, the party central authorities set up a special organization in charge of translating, checking, and publishing Marxist classics. Some comrades who had a command of foreign languages and Marxist theory and had experience in translation were transferred to handle this work. It can be said that the translation and dissemination of Marxist-Leninist classics has kept pace with the successful development of the Chinese revolution.

After the founding of the PRC in 1949, the party central leadership continued to place the dissemination of Marxism-Leninism in the primary position in the party's ideological building. In 1951, the CPC Central Propaganda Department set up an office for translating Stalin's works. In 1953 this office was merged into the Central Bureau for Translation of Russian Documents, and on the basis of this merger the CPC Central Bureau for Translation of the Works of Marx, Engels, Lenin, and Stalin was established. This bureau is now functioning as a translation center for Marxist-Leninist classics. With the establishment of this translation bureau, the translation and dissemination

of classical works entered a new stage. In its work of more than 30 years between 1953 and 1984, the bureau has translated and published 50 volumes of "The Complete Works of Marx and Engels," totaling 32 million characters; 39 volumes of "The Collected Works of Lenin," totaling 16 million characters; and 13 volumes of "The Collected Works of Stalin," totaling 3 million characters. In addition it has translated a large number of works on philosophy, political economy, and the history of the international communist movement. In addition, the Central Translation Bureau has set up a documents translation office, which cooperates with other organizations engaged in translating Chinese literature into foreign languages, and to translate the selected works of Mao Zedong, Zhou Enlai, Liu Shaoqi, Zhu De, Deng Xiaoping, and Chen Yun, who represent the older generation of the Chinese proletarian revolutionaries, into the English, Russian, French, Spanish, and Japanese languages. The office has also translated many important central documents and articles. The above-mentioned facts have shown the achievements and growth of the entire translation circles.

In the past 35 years since the founding of the PRC, people in our translation circles have worked hard to make contributions to our ideological and theoretical construction, international contacts, diplomatic activities, industrial and agricultural production, cultural and educational improvements, and growth in literature and art. At present our country's contacts with other countries have become more frequent and cover a wider scope; and more work has to be done in translation between different languages of nationalities in our country. In the course of building a socialist material and spiritual civilization, translation as a link of communications is required by almost every department in every field of our work. The new situation has set new and higher requirements for our translation work.

As an old translation worker, I am delighted to see the remarkable achievements of our translation work and the growth of this vocation. At the same time, when facing the arduous tasks in the future, we deeply feel that we must make greater efforts to improve our translation work, which is an indispensable link in our socialist modernization cause. Not only should we increase the quantity of translation, but we should also pay attention to improving translation quality. Now, translation work has to deal with many languages in a great variety of branches of learning. Written translation, oral interpretation, translation from Chinese to other languages, and translation from other languages into Chinese have their respective characteristics. Therefore, in order to ensure the high quality of translation, translation workers must attain a rather high level of knowledge of foreign languages, Chinese, and various professions and scientific branches, and must maintain the correct translation standards. If "free translation" was an attribute of the works of the first generation of translators represented by Yan Fu and the second generation of translators "preferred faithfulness to elegance in style" as Lu Xun advocated, then the third generation of translators have formed their new translation style since the founding of the PRC in 1949. This new translation style requires that translation be performed strictly according to the original with nothing being added to or taken away from the original work. No translation can convey an idea different from the original for the sake of smoothness and elegance.

However, the Chinese expression of the translation should not only be smooth but also graceful, thus being able to convey the exact literary charm and style of the original. That is to say, our translations can neither be free translations nor literal translations, but must be equivalent translations. Over the past 35 years translators in our country have forged ahead toward the attainment of this translation standard by summing up the experiences of the predecessors. They regard translation as a branch of science and art into which they have emerged.

However, problems still exist in the quality of our translation work. For example, although we have made profound study of the originals of the Marxist classics and our translations have been repeatedly checked by collectives, we can still find problems, such as a misunderstanding of the original and inaccurate Chinese expressions, in the vast collection of translation works. Similar problems also exist in the translation of philosophic and other social scientific works, technological works, and literary works. According to an investigation, a translation mistake can be found in every 2,000-3,000 characters of literary translations, which enjoy great popularity. In recent years some literary translation works of higher quality have appeared; some famous foreign literary works have been retranslated or directly translated from the originals, and the new translations are of higher quality. However, quite a few mistakes exist in translation works published in recent years, especially in those so-called bestsellers which have been translated in a rush. Some of them can even be denounced as slipshod and cursory translations. This should not be allowed to continue.

There is another more common phenomenon: Some translated books or articles in the press seem quite smooth and easy, but once they are checked against the originals, mistakes will be found surprisingly numerous. Before liberation, in translation works there was no lack of such instances, in which smoothness or even elegance of the Chinese versions concealed translation mistakes. Our present translation workers must guard against this problem. In handling our translation work, we must have a serious and responsible attitude. It is better that translations are checked by a group of fellow translators; or at least, one's translation should be checked by another person so as to reduce mistakes to the minimum.

Admittedly, translation is a very difficult job, which requires a high level of linguistic skills and general knowledge. It is unavoidable that mistakes will occur in our translation works. All people who have been engaged in translation, whether they are Chinese or foreigners in ancient or modern times, share the same deep feeling that it is hard to do translation well. However, they have the courage to forge ahead rather than balking at the difficulties and have made great efforts to blaze a new trail in this work. Many of our translation workers have engrossed themselves in translation work for several decades and have made remarkable contributions to the exchanges of thinking and culture of mankind. We should pay tribute to their meritorious deeds and learn from their spirit.

Since the founding of the PRC 35 years ago, our translation work has shown a gratifying new situation, and now our translation workers are faced with new

and greater tasks. In the field of translating Marxist classics, the Central Translation Bureau's new task is to check the "Collected Works of Lenin" once again against the original and publish a new version of this collection by dividing it into 60 volumes. This work will begin from the 35th anniversary of the founding of the PRC. Then it will publish the second version of the "Complete Works of Marx and Engels," which will include all newly discovered works and manuscripts of Marx and Engels. The German, English, and French originals will be translated directly to Chinese versions which will replace the translations from the Russian versions. In addition, translation workers throughout the country have accepted the new task put forward by the central leaders. They will use 20 to 30 years, by mobilizing all translators throughout the country, to accomplish the translation of all significant works which have influenced the development of various branches of learning from ancient to modern times in both East and West, including philosophic works, works about social or natural sciences, works on the latest technology, and famous literary works, with a total number of more than 10,000 books. They will ensure the high quality of these translations. These works are the spiritual wealth of all mankind. After being translated into Chinese, they will become our valuable materials for study and research. As part of the new task for the new period, we will translate the large number of outstanding Chinese literary works of both ancient and modern times into foreign languages. Some of these Chinese works will be translated by foreign friends, but most of them will have to be translated by our Chinese translators so as to publish and distribute the translations to other countries. All the above is the glorious and arduous tasks for our translators. We must strive to fulfill these grand tasks so as to serve our socialist modernization cause.

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## FACING A GREAT HISTORICAL ERA

Beijing RED FLAG in Chinese No 18, 16 Sep 84 pp 17-19

[Article by Bai Shouyi [4101 1108 1744]]

[Text] We are facing a great historical era. New significance will continue to add to its greatness with the development of history. China once went through a great era several thousand years ago. That was the era which brought man from a barbarous society into a civilized one. We say it was great because it brought about a fundamental change in the development of history. Since that era, China has gone through the slave society, the feudal society, and the semicolonial and semifeudal society, which were all tremendous changes of different stages in the development of history. However, they were all internal changes within a class society, they could not be on an equal footing with the historical change of the era mentioned above.

The era which we are facing today is likewise an era which has brought about fundamental changes in the development of history. However, the greatness of our era has different characteristics from those pertaining to the era mentioned above. That era was one of the transition from a classless society to a class society; while ours is one of the transition from a class society to a society in which classes are extinguished. The change of the era we are facing is carried out with the conscientiousness of the masses of people, which is advancing in line with the orientation indicated by Marxism-Leninism-Mao Zedong Thought. Hence, it is a change with bright prospects carried out in an organized way with leadership. The change is beyond comparison to that of the era mentioned above, and to any other changes in the history of China. It is not the slightest exaggeration to say that our era is unprecedentedly great.

This is precisely because our era is to fundamentally change the social system which has been followed for several thousand years, and the historical tasks of the era are extraordinarily heavy; by no means will they be completed in a short period of time. It has been 35 years since the founding of the PRC. Our party, state, and people have made a series of brilliant achievements. From the view of development, these achievements are but the prologue of this great era. "A play must begin with a prologue; however, a prologue is not the climax." Since the 3d Plenary Session of the

11th CPC Central Committee, profound historical change has become an irresistible trend. And I am full of confidence in the arrival of the climax of this great era.

I have often thought in recent years that a history worker must acquire a sense of the times if he wants to make the work he is engaged in significant and valuable and helpful to the people. To my understanding, a sense of the times has a two-fold meaning. On the one hand, it requires us to study and explain history at the level of understanding of the era we are facing; on the other hand, our research and explanation of history must give expression to the needs of the times. In other words, we should not deviate from our times in understanding history; and only when we have correctly understood history, will it be possible for us to profoundly understand the present era, and to render service to the needs of the times. This is the fundamental reason why research in history is able to educate history workers themselves and the people.

Over the 35 years in the sphere of historical research, most provinces, cities and autonomous regions have set up specialized research institutes, while most universities and teachers' colleges have set up their departments of history, and the China Academy of Social Science has set up a comparatively complete set of research organs. Over the years a huge volume of historical works on Marxism and data for the study of history, and a large number of treatises and works of popular literature have been published. And the abundance of materials in social and historical investigation on nationalities and in archeological finds is unprecedented. Regarding the mainstream in the development of historical studies since the founding of the PRC, it has been an age of studying Marxism-Leninism-Mao Zedong Thought in breadth. In the first 17 years since the founding of the PRC, everybody was studying the classics of Marxism, trying to explain history with the application of Marxist principles, and a considerable number of history workers made achievements in this aspect. During the 10 years of disasters, the "gang of four" made use of the propaganda means which they unjustly seized, and initiated the noxious trend of "criticizing Confucius and re-appraising the Legalist School," which spread all over the country at a time. However, the overwhelming majority of history workers stood the test and raised their ability in distinguishing what is right and what is wrong, and they did not follow in the footsteps of the "gang of four." Since the 3d Plenary Session of the 11th CPC Central Committee, the political situation has become better, and it is the same with the economic situation, while the bondages and worries in scientific research work have grown less, and the various departments in the sphere of historical studies have made progress to varying degrees. Here, I think there are symptoms of two trends which are worthy of our attention and which are closely associated with the further development of the historical studies in our country. One symptom is that many history workers are bent on opening up new spheres of research. Regarding those topics of researches I have personally come into contact with, some topics have never been touched upon before; others have been proposed but have never been dealt with in depth before. There are questions concerning theory on historical studies, historical documents, specific historical questions concerning China and foreign countries, the

relationship between historical studies and all other related branches of sciences, the editing of books on history, the forms of recounting history, the modern techniques of demonstrating history, and so on. The other symptom is that many history workers are making concrete analysis of historical questions under the guidance of Marxism, and they do not rest satisfied with the past practice of substituting the individual conclusion in classical works for the concrete demonstration of history; thereupon, they have proposed some new and valuable views. Over the past 35 years, we have made great progress in the sphere of historical studies in our country, and the prospects for its development are also encouraging. However, if we look at the historical mission assigned us by the great era we are facing, I think that our history workers should exert still greater efforts in the following aspects.

First, we should advocate a down-to-earth study style, while adopting a view of the overall situation. Scientific research work is to be carried out conscientiously, and therefore cannot tolerate any fabrications. All styles which are flashy and without substance, which try to please the public with claptrap will achieve no genuine scientific results. In historical studies, it is imperative for us to carry out strict examination of the materials we are to quote from, and to make meticulous analysis of the views we hold. Historical phenomena are complicated. In the course of historical development, inexorable associations exist between the many aspects of social phenomena, and there has never been an entirely isolated historical incident. A history worker will never be able to study all historical questions, no matter how able he is. Therefore, he should by no means adopt a very narrow view. This precisely requires that history workers must adopt a view of the overall situation. Adopting a view of the overall situation means that in studying the history of an era, we should not limit our vision to the era itself, but we should also see what came before and after the era. In studying a specific history, we should not limit our vision within the sphere of the specific history in question either; we should understand the close neighbors of this specific history. In studying the history of China, we cannot but see the characteristics of Chinese history through a comparison of the historical development between China and other countries. Likewise, in the study of foreign histories, some corresponding requirements should also be proposed. In studying the history of a nationality, we should not confine ourselves in studying the nationality in question, but should study its historical relations with other nationalities; and in studying a minority nationality in China, it is also imperative for us to study its place in all the nationalities in China, and to have a general grasp of the development of China's history. In the studying of other topics, we have the similar conditions, which require us to adopt a view of the whole situation. Despite the fact that our history workers each have their specific sphere of research and they should of course exert more effort in this specific field, they should nevertheless acquire a view of the overall situation. They must stand higher, so as to broaden their vision.

Second, education in the ideal of the historical future should be promoted. The science of history is the branch of knowledge which studies the course

of social development and the law that governs it; it takes up the task of summing up the past, and it draws an inference on the future. Marx studied the history of mankind before he established the concept of historical materialism, "and pointed out the way to a scientific study of history as a single process which, with all its immense variety and contradictoriness, is governed by definite laws." ("Selected Works of Lenin," Vol 2, p 586) Thus, a genuine science of history has been founded. In the red-hot revolutionary years, Comrade Mao Zedong wrote the immortal works "On Protracted War," "On New Democracy," and "The Chinese Revolution and the Communist Party of China," by combining the universal truth of Marxism with the actual historical conditions of China, and led the Chinese revolution advancing from one victory to another victory. The classical writers of Marxism wrote many expositions on the future of historical development. In reference to the tasks for history workers, these theories are awaiting to be explained with rich historical facts, so that the younger generation may be educated and inspired in building their ideals and faith in the future of history. Here, a question in the concept of cognition should be clarified, namely, the classical writers of Marxism did not shut the door of truth, and Marxist theory itself requires people to continuously enrich and develop it. Starting from the view of the theory of historical materialism, apart from the universal law expounded by classical writers, many comparatively specific laws are awaiting for us to study and discover, which will be helpful to people in understanding the past and the present and in inferring the future. Our history workers should regard this as an important work of great educational significance, and a project of vital and lasting importance which has a bearing on invigorating the Chinese nation. At the same time, this is also a work to enrich and develop Marxist theory on history. There is an ancient and fine tradition in the historical studies in China, that is "having a clear understanding of the past so as to know about the future" as mentioned in the "Book of Changes," in the chapter of biographies, "understanding makes one know things afar," as mentioned in the "Book of Rites," in the chapter of Jing Jie [4842 6043], and "recounting things past so as to think about coming events," as taught by Si Maqian [0674 7456 6692], which is a brilliant idea in the history of the historical studies of our country. We should inherit this tradition, raise it to a scientific level, and provide spiritual products for building a modernized socialist motherland.

And third, we should conscientiously return historical knowledge to the people. When our history workers are writing books and articles, the readers they have in mind for their works are often limited to the people of their same occupation; the circle is rather small, so are their social effects. Some comrades even believe that the less people who understand what they have written, the better are their works. Such an idea is wrong. Concerning our work attitude, we should not think only of our own interest. What is more important is to think what help our work will give others, and what advantages will it bring to social development. Will it not be putting oneself "out of this world" if no considerations at all are given to social effects? Some people have written certain popular books, but generally speaking, such books are far too few in number. Writing popular books is work that requires great meticulousness; a level of science

pertaining to a certain historical era should be given expression in them, while they should be accurate and vivid in literary expression. In this sense, writing popular literature will be more difficult than writing an academic article; and we should by no means look down upon it. To my mind, there should be thinkers, writers, critics, and specialists in the study of documents in the rank and file of history workers; besides, there should also be specialists who are keen on writing popular literature, and artists who will do illustrations for popular literature. The people of our country are universally fond of historical knowledge. How to write new historical books and turn over accurate historical knowledge to the masses is an arduous task in historical studies, and also an important task for building socialist spiritual civilization. The development of history has a successive nature. Whatever great changes have taken place in history, one era can never be severed from the earlier one. We can say that history is like running water, the water will go on running even if you have cut it with a knife; and history can never be cut up. So are historical heritages; they exist in social life in breadth, and in people's ideas. The task for history workers is to sort out the excellent parts of our historical heritages, to popularize them through processing among the people, so as to suit to the needs of the new historical era. For example, patriotism, the idea of national unity, diligence and courage, and the spirit of not being afraid of sacrifice are all precious historical heritages; we should not only inherit them, but also bring them forward. At the same time, regarding the dredges in historical heritages, history workers have the duty to dispell them and to eliminate their negative effects. For example, feudal patriarchal ideas, ideas of egalitarianism, bureaucratic style, and so on. It is precisely because of this that the writing of popular literature and the turning over of accurate historical knowledge to the people are arduous and important tasks for history workers.

Our era is great and so are our tasks. The first and foremost task for historical workers is to push forward the development of history with their knowledge of the science of history, so as to contribute their bit to our cause of building socialist material and spiritual civilizations.

CSO: 4004/3

## STRUGGLING ALL MY LIFE FOR EDUCATION IN A MOUNTAIN VILLAGE

Beijing RED FLAG in Chinese No 18, 16 Sep 84 pp 20-21

[Article by Wang Zhenyuan [3769 2182 6678]]

[Text] At a time when people throughout the country are jubilantly celebrating the 35th anniversary of the founding of the PRC, a review of my own life makes me infinitely proud and happy to be a member of the Chinese people that have stood up and to be a teacher of the people.

In my childhood, Japanese imperialist aggressor planes bombed my hometown. Two of my playmates were killed by one of the bombs. The pathetic scene is still fresh in the memory of this lucky survivor. Not long after, the Japanese imperialist aggressors occupied my hometown carrying out the ruthless and savage act of "grouping different families together and combining villages" and practicing the fascist "policy of deprivation in three fields." The people were plunged into the depths of misery. Not reconciled to being a slave of a foreign power, my first year primary school teacher resigned. His parting words still ring in my ears. He said: "I am a Chinese. I want to do something to save the country. I hope that after you grow up, you will do justice to the pride of the Chinese." The patriotic spirit of this particular teacher of mine commanded my heartfelt respect. His smiling countenance, his voice and his manner of speech left an indelible mark on my memory. Therefore, the idea of growing up to be a teacher occurred to me. Like my own teacher, I would work on the children's minds instilling in the students the idea of being patriotic, ambitious, and self-reliant in an effort to make the country prosperous and powerful and free from further aggression and imposition.

With the founding of the PRC, my wish came true. I became a people's teacher at the Duanzhuang Primary School in Jixian County (now under Tianjin municipality), Hebei Province. But just as I was working hard and beginning to realize my beautiful ideals, I suffered an unexpected setback. In 1958, simply because I copied big-character posters for others and put forth two views, I was erroneously designated a rightist. In those hard times, I felt miserable, disillusioned, and even hopeless. But when I thought of what that teacher had said about being patriotic and ambitious, thought of the party training and educating me, and thought of those children pure and innocent and thirsty for knowledge, I felt a surge of

energy rising in myself. I gathered up my courage. Later, I was transferred to Kuliyu where I mixed with children of the mountain area. This glorious position as a teacher brought me happiness, strength, and confidence. I thought that the meaning of life does not simply lie in taking. Instead, we should give more to mankind. Despite my limitations, the last ounce of strength in me would be devoted to fertilizing the soil of those young shoots, so that they could grow luxuriantly. The last bit of knowledge in me would be devoted to strengthening the younger generation of the revolutionary base for which our martyrs had shed blood and sacrificed themselves, so that they could be lifted out of a state of ignorance and become a cultured and educated new generation. So long as this aim could be achieved, I thought nothing of my personal gain or loss. Therefore, I forgot my own sadness and reconciled myself to my fate. I gave my all to the mountain area's educational cause.

Kuliyu had 44 households scattered over 33 gullies. In this mountain village shut out of the world, the peasants had from generation to generation lived in poverty and in a state of ignorance and backwardness. They suffered fully from illiteracy. Kuliyu was badly in need of culture. Fruit tree grafting, fixing the formula for insecticides, improving seed strains, and so forth--none of these are separable from cultural knowledge! But it was easier said than done to bring a school into being in this remote mountain area! Given inhospitable conditions and a tough life, it was very difficult to make teachers stay. They came and left, one after another. Should I also have bowed to difficulties? No! I had to aim high and fight. I made rounds of the whole village and went from household to household visiting the guardians of school age children. I impressed on them the misery of being illiterate and urged them to send their children to school. My concrete objective of struggle was to popularize primary school education in the Kuliyu mountain village, so that all school age children could attend school. To improve conditions for education, I also led the children to work on repairing the rundown school premises. I let them collect wild fruits and medicinal herbs in the mountains, introducing a part-work and party-study system. This helped to pay for part of the school expenses. Thus, not only was the burden on guardians lightened but also a work habit was cultivated in the children, with the laboring people's glorious traditions carried on and developed. The guardians of the students felt very happy about all this. They supported school work with still greater enthusiasm and encouraged their own children to study.

My home was 13 li away from Kuliyu. I was quite hard up financially. For 12 years, I kept my family of seven alive on my meager income from wages. But I never took a day off for private reasons. I toiled every work day for all those years. To do a good job of teaching, I lived in school all the time--mixing with the students day and night and cultivating profound feelings for them. The whole school had only me for a teacher. I was the principal and also the teacher and the cook. The school had more than 30 students. It was a combined class of students from the 1st to the 5th grade. Every day I had to correct up to 100 pieces of school work and prepare for the teaching of more than a dozen subjects. If any student was absent, I would go to the trouble of finding out the reasons why and help

him make up any missed lessons. When a child was sick, I would go to see him. On rainy days, with a rise in the water level of the river, I would carry children piggyback across the river--sometimes being swept down by the swift current or cut on the foot. When any student played truant or gave up halfway, I always tried every means to make him return to school. One winter, a girl student living relatively far away from school did not show up in a snowstorm. I felt greatly worried. After school, braving the flurry of snow, I went across mountains and ridges to visit her home. The small path in between the mountains was piled up with snow. Several times I fell into holes with accumulated snow half the height of a man. Only with great difficulty did I manage to climb out. Stumbling, I found my way, step by step, to the student's home. When I appeared at her door, totally exhausted and looking like a snowman, all members of the family were deeply moved. The student in question was especially so touched that she burst into tears. Choking with emotion, she said: The teacher has cared for us so much. At his age, he has come to see me in spite of the cold and the snow. How could I be deterred by the snowstorm? Since then, she never missed a class. After graduation, she was admitted into junior middle school with an outstanding school record. For many years, I took practical actions to achieve my sought-after goal. Though dead tired from work, I really felt the joy and happiness of a gardener when I saw graduates, one term after another, admitted into junior middle school, or placed in socialist construction posts, when one letter after another, packed with the sincere feelings between teacher and student, came from afar at Spring Festival and other festive occasions, or when former students working in other areas brought their wives and children along to see me.

After the 3d Plenary Session of the 11th CPC Central Committee, the spring wind of the policy toward intellectuals wafted through our mountain village. In a reversal of a wrong verdict, the party rehabilitated me. The load that had weighed on my mind was lifted. I got a new lease on life politically. But just when I was moving ahead, unencumbered, my sciatica acted up again. I could hardly stand up straight or rise to both feet. Out of consideration for my health, the responsible person of the Duanzhuang Primary School asked me to return to work in Duanzhuang, which has more favorable conditions. My wife who had shared joys and sorrows with me also coaxed me: "You cannot negotiate the mountain trails the way you are. Come back home. I will take care of you." "You have put your nose to the grindstone for the great part of your life. You should have a breathing spell." My mind was awl with thoughts. At this time, the villagers and children of Kuliyu came to see me. An old lady with bound feet trudged 13 li through mountain trails to reach my home. Partially blind Uncle Laoba in his sixties also groped his way to my place with the help of a stick. The warmhearted villagers had brought with them persimmons and walnuts picked from their fruit trees and left them piled on a brick bed. They said: "Teacher Wang, how every one of us has missed you!" I seemingly heard the call of an inner voice in the minds of the villagers and children: "Come back with us, Teacher. Kuliyu needs you!" Since the third plenary session, the countryside had introduced the responsibility system. Production had developed. The living standards of the people had improved. The need for culture was all the greater. Kuliyu was where my career lay. I should

return to Kuliyu. I had scarcely recovered when my wife accompanied me back to the mountain village pushing a bicycle on which I rode. I was again at it, working on the minds of the young folk and sowing the seeds of wisdom.

I had done what a people's teacher should do. The party and the people conferred great honors on me. I was successively elected a special-class model worker of Tianjin municipality, a deputy to the Tianjin Municipal People's Congress, and a CPPCC member. What is especially unforgettable is that in 1983 I attended the Sixth CPPCC National Committee. At the Great Hall of the People, when Deng Xiaoping, Li Xiannian, Deng Yingchao and other leading comrades of the CPC Central Committee received us, they cordially shook hands with me. This sent the blood pulsing through my veins and warm tears coursing down my cheeks. I could no longer control myself, my mind bursting with all I wanted to pour out. But all the words that formed on my lips were: "How are you! I wish you good health and longevity!" When we posed with the central leading comrades for a group photo, I thought to myself: Honor is not an end in itself and is instead something that adds to my responsibility. The party has entrusted me with the weighty mission of training and educating children. To fulfill the glorious mission of an engineer working on the human soul and to train qualified skilled persons in the socialist modernization effort, I must redouble my efforts and set a personal example giving my all to the mountain village's educational cause.

CSO: 4004/3

## BE BOLD IN BLAZING NEW TRAILS IN ORGANIZATION WORK

Beijing RED FLAG in Chinese No 18, 16 Sep 84 pp 22-24

[Commentator's article]

[Text] Through our efforts to bring order out of chaos, the party's organization work has turned from the practice of "taking class struggle as the key link" to the path which serves the socialist modernization program. Remarkable achievements have been scored in redressing unjust, false, and wrong cases, in implementing the policy toward intellectuals, in eliminating the erroneous prejudice against knowledge and intellectuals, in extensively conducting education among cadres, and in restoring and perfecting the normal political life inside the party. However, generally speaking, in many aspects our organization work is still not suited to the needs of the four modernizations program. For example, in quite a few localities and departments the influence of "leftism" still exists to varying degrees in such areas as how to ensure that the members of leading bodies become more revolutionary, younger in average age, and more knowledgeable and specialized, how to use personnel in accordance with the standards for the needs of the new period, and how to select cadres. Some comrades willingly or unwillingly use antiquated old methods which are not adapted to the new situation. In the face of the ongoing economic reform, this inadaptability has become more pronounced.

The CPC Central Committee has explicitly pointed out: The party's organization work should be carried out by centering closely around our general goal--socialist modernization--and efforts should be made to promote and ensure the realization of the four modernizations. If we fail to do so, it is very likely that we will lose our bearings in our work and that our cause will fail due to the lack of an organizational guarantee. The important task of organization work is, first of all, to enthusiastically provide the right people for leading bodies by proceeding from the needs of the new period, so that they can shoulder heavy loads in leading the four modernizations program. Therefore, it is necessary to put an end to the old tradition of our organization departments, a tradition which gives top priority to "main-force cadres" or party administrative cadres. This habitual practice of attaching importance exclusively to party administrative cadres while neglecting scientific and technical cadres, enterprise cadres, and cadres in other fields has led to the situation whereby organization

departments are not familiar with these various latter cadres, and as a result, when providing leading bodies with the right people, they frequently fail to open up new avenues in cadre selection due to their shortsightedness.

In accordance with the spirit of the central directives, the national forum on the work of building enterprise leading bodies, which has recently ended, emphatically discussed how to further speed up the "four transformations" of enterprise leading bodies and how to raise the quality of the leading bodies of key enterprises to a new height. It also stressed that organization departments should pay close attention to the work of economic cadres, in particular enterprise cadres. The output value and delivered taxes and profits of the several thousand key enterprises throughout the country are a major proportion of those from all enterprises across the land. These key enterprises occupy a decisive position in the national economy. Whether or not the work of economic cadres and scientific and technical cadres is done satisfactorily, whether the "four transformations" of enterprise leading bodies are carried out successfully, and whether or not the quality of the leading bodies of key enterprises is high has a direct bearing on whether or not enterprises can complete and meet the tasks and requirements of economic reform. Therefore, all comrades engaged in organization work, leading comrades in particular, should change their thinking in terms of the guidelines and, while paying close attention to the work of party administrative cadres, they should effectively attach importance to the work of economic cadres and scientific and technical cadres and strive to satisfactorily readjust the leading bodies of enterprises, key enterprises in particular. This is an important part of our present endeavor to create a new situation in organization work.

To bring about an upswing in the socialist modernization program, what kind of people should we actually select and promote to leading bodies? Which types of cadres are actually more suitable for shouldering the responsibility of leadership? The answer is clear and definite: We must rely on the cadres who have met the requirements for the "four transformations" of cadres and instate the types of cadres who "are capable of constantly opening up new prospects in work." Tens of thousands of such cadres are indispensable to socialist modernization. Being politically qualified and knowledgeable, they have a good grasp of policy and a pioneering spirit, and being fair and just in handling affairs and distinguished for their lively thinking, they have the courage to discard all antiquated regulations and restrictions and old methods and to blaze new trails and create a new situation. When considering the formation of leading bodies, the party organization departments must have the courage and determination to promote to leading positions outstanding cadres of this type who are in their forties. These comrades have many advantages: They are fairly sound ideologically and tempered by the "Great Cultural Revolution" and educated in the drive to bring order out of chaos, they are relatively capable of appraising political affairs; they have a comparatively sound grasp of cultural and scientific knowledge; they are in the prime of life and very energetic in their work; and they have accumulated some work experience. It is helpful to our cause to seize the opportunity and promote them to higher positions as quickly as possible. Failure to do so will cause immeasurable losses to our future work.

However, not all comrades have a clear picture of the importance and urgency of this problem, and those who are really conscious of this matter are few. In selecting cadres, some comrades confine themselves to one criterion: "I would rather heed what a superior says than carry out the 'four transformations of cadres,'" and thus completely ignore whether or not the cadres to be selected are educated, knowledgeable, and young. Some comrades are not willing to instate gifted intellectuals and outstanding young cadres. Their argument is that first, although they are "highly educated, their political understanding is low," so we cannot entrust them with important tasks, and second, since they are "young and inadequately experienced," they are not qualified to be leaders. From this argument we can see that as far as a number of organizations and individuals are concerned, the task of bringing order out of chaos in ideological matters is really far from being completed. It is highly necessary to further seriously ponder and sum up what we have achieved in this area in the 35 years since the founding of the PRC.

Over the last 35 years our comrades have indeed accumulated much experience, both beneficial and successful and undesired and unsuccessful. We must also be good at analyzing even the once successful experience. With the times ever advancing, things change. Some successful experiences of the past may not necessarily be applicable at present because they no longer suit the needs of new developments and new situations. However, some comrades do not approach problems in this way and always think that the experiences they have accumulated and the methods they have used over the last two or three decades are reliable. They seldom think about whether some of their experiences and methods are improper, wrong, antiquated, or unapplicable, and also seldom think about whether once their wrong and antiquated experiences and methods are used in the activities of training new hands by "passing on experience, giving help, and setting an example" as correct things, this will affect our four modernizations. Judged from the present situation in organization work, the influence of "leftism" and the antiquated old regulations and restrictions are still playing a considerable role in the adoption of the criteria for the use of personnel, particularly the political criteria. At the 3d Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping pointed out: "What are the political criteria for the use of personnel? Our main political criteria are benefiting the people and making positive contributions for the development of the productive forces and the socialist cause." ("Selected Works of Deng Xiaoping," p 141) We must use this correct thinking to unify the thinking of the whole party and of all organization departments. At present, if we talk about the question of a correct stand and of political consciousness without the four modernizations, this would actually be more harmful than useful.

Cadre selection methods are closely related to the criteria for the use of personnel. One important reason why significant achievements could be made in the national organizational reform and why many young, outstanding cadres who had met the requirements of the "four transformations of cadres" could be promoted to higher positions in the brief space of 2 years lies in the fact that we have followed the mass line in selecting cadres. At present, some localities and departments adopt inappropriate measures in selecting cadres, building up the third echelon of leadership, and training successors.

These tasks are handled by a small number of people in a predetermined way. This way of selecting cadres, which has been criticized by the masses, has done harm to democratic centralism and impaired the prestige of the party. No select few shall make a final decision on the matters of selecting cadres, building up the third echelon of leadership, and training successors. As far as our party is concerned, this is an extremely profound historical lesson, which should on no account be repeated. On this question, we advocate a genuine and open method of following the mass line, a method diametrically opposed to the practice where a small number of people make decisions in a predetermined way. Many localities and departments have followed the mass line, thus winning the support of the vast numbers of cadres and the masses. Within certain limits, they asked the masses to join in the appraisal of the numerous cadres to be selected and then held a secret ballot. Through repeated preliminary selections, the cadres to be selected were determined at last. This is the restoration and development of the party's mass line and the reformation of the cadre selection system.

Some comrades always think that in their units there are not any suitable qualified successors and hope their superiors will send people to be leaders in their units from outside. This idea is unrealistic. Generally speaking, there are talented people who are needed by our cause in all localities, particularly in fairly large-scale departments or units. We are more often than not confronted with the situation in which one unit asks another why it claimed to have no talented people by requesting talented people from the latter unit by name. Why can we not change the situation in which "the sweet scent of flowers blossoming behind the wall can be smelled only outside the wall" into one in which "the fragrance of flowers blossoming behind the wall spreads everywhere both inside and outside the wall"? At present our country lacks talented people and there is a colossal waste of the existing talented people, and many people of great ability cannot give proper play to their role. The reasons for this common phenomenon are varied. Apart from the defects in our system, the phenomenon is connected with the lack of enough comrades who have the ability to judge cadres. They demand perfection of the cadres around them and that the cadres who succeed them be ideal, perfect men. They frequently use their own taste as the criterion for distinguishing between right and wrong and are apt to brand those who disagree with them even in the slightest degree as "being arrogant," "disobedient," or "contradicting the leadership" and to have them discarded. Some comrades envy better qualified and able people for fear that others will exceed and overshadow them. Being deeply sectarianist, they use those they regard as "people on their side" and refuse to use those they regard as "people who are not on their side." Among them there are a considerable number of people who look down upon knowledge and who do not study and who know nothing. Therefore they fail to make a distinction between good and bad, between pleasant and unpleasant, and between right and wrong. As a consequence, they have suppressed talented people, intentionally or unintentionally. All these incorrect concepts and practices have hindered the party's organization work from advancing healthily. As for organization departments, in order to better select qualified and able people, they should reform and readjust themselves, select and promote to leading bodies some outstanding cadres who have an enterprising spirit and a good sense of

responsibility, ardently love the four modernizations, and are enthusiastic in work and keen on making progress, and should resolutely remove those who are not up to the requirements of their posts. Otherwise, the longstanding irregularities and defects existing in organization departments will not be thoroughly eliminated, and many old habits, old regulations and restrictions, and old methods will not be overcome and forcefully discarded. To select cadres, to build up the third echelon of leadership, and to train successors, efforts should be based in principle on the specific units, departments, and localities. This provides an important foundation for us to follow the mass line while selecting cadres.

There has been a historical change in the party's organization work. However, to further create a new situation in this regard we must continue to emancipate our minds, eliminate the "leftist" influence, get rid of the outworn concepts of sticking to old ways and of promotion according to seniority, discard the old regulations and restrictions and old methods which are outdated and can no longer suit the needs of the new situation, and willingly improve work methods and work style. Only when we are bold in blazing new trails can the party's organization work be raised to new heights and can it better serve the needs of the four modernizations program.

CSO: 4004/3

IT IS A GLORIOUS MISSION FOR OLD CADRES TO DO A GOOD JOB IN COOPERATING WITH NEW CADRES AND REPLACING THE OLD WITH THE NEW

Beijing RED FLAG in Chinese No 18, 16 Sep 84 pp 25-28

[Article by He Zai [0149 6528]]

[Text] With the advance of the structural reform on a nationwide scale and the readjustment of the leading organs at various levels, thousands upon thousands of excellent middle-aged and young cadres have already entered or are about to enter the leading organs at various levels. This is an important strategic step in realizing the "four requirements" of the cadre ranks (meaning cadres becoming more revolutionary, younger in average age, better educated, and more professionally competent), enhancing the quality of cadres, and strengthening the building of the leading organs. Most of the old comrades proceed from the overall situation, and, with great communist spirit, actively support the new comrades to assume their leading posts, with the result that a batch of middle-aged and young comrades, who are courageous and intelligent, bold in breaking new ground, and vigorous in their style, have displayed their wisdom and talents and have made outstanding achievements. Thus the old cadres are making their own fresh contributions to the implementation of the cadre line in the new period.

However, there are still a small number of comrades who lack an understanding of the importance and urgency of this problem and who have various doubts. Although some of them have helped the middle-aged and young cadres "mount the horse," they do not hand over the reins. Some have admitted the necessity of promoting the middle-aged and young cadres in words, but they attach importance to seniority in practice. Some give particular attention to the weak points of the middle-aged and young cadres, demand perfection and criticize small mistakes, and only agree to cooperation if they are not replaced.... All these practices have seriously affected the display of the wisdom and talents of the new cadres and their growth, and have obstructed the process of the "four requirements" and replacement of the cadre ranks.

"They lack the experience of leading the comprehensive work and cannot shoulder heavy responsibilities." This point of view lacks an all-round and dialectic understanding of the expression "experience of leading the comprehensive work." Where does experience come from? All experience is the result of practice, and nothing can be called experience without

practice. If a person is not allowed to shoulder the comprehensive work, naturally it will be hard for him to obtain the experience of leading the comprehensive work. Comrade Deng Xiaoping said: With regard to the middle-aged and young cadres, "their experience of leadership is not rich, which has been caused by objective conditions. If one is not in a certain position, he is not supposed to do the work of that position. If they are put in that position, they will gradually improve themselves." ("Selected Works of Deng Xiaoping," pp 284-285) Our ancestors held the view that "in the course of selecting talented people, these people should be assessed by their actual posts," and that "the capability of men can be verified in actual employment; the abundance or scarcity of army provisions can be seen through consumption," which expound the same truth. It would be an impractical illusion if a cadre were appointed to an important position only after he had obtained the experience of leading the overall work. Furthermore, experience can be defined in terms of direct or indirect experience and more or less experience, and leading cadres without any experience are, in effect, nonexistent. Some may not have the direct experience at the upper levels, but they do have experience in the work at the grassroots levels as well as indirect experience (the knowledge of others or of books). Some may not have led the comprehensive work on a large scale, yet they have led the overall work on a smaller scale. Therefore, the newly promoted middle-aged and young cadres should be allowed to shoulder heavy responsibilities so that they can accumulate more experience through practice and examine the "abundance or scarcity" through practice, which is a correct "way of utilizing people" borne out repeatedly by the history of our party. The practice since the structural reform has also proved that the majority of the newly promoted comrades can do very good work after a period of practical tempering.

"They are too green and inexperienced." Experience and inexperience are only relative, and there is no strict demarcation and clear criterion for assessment. A cadre may appear relatively green before his old leaders, but he may be quite "experienced" among his colleagues and his subordinates. He may be inexperienced in handling certain problems, yet he may be quite mature in handling some other problems. Generally speaking, with regard to the newly promoted middle-aged and young cadres, middle-aged cadres in particular, their experience has been both tortuous and complex. They have grown up amid the great changes of the motherland. Most of them were Red Scarf Young Pioneers in the 1950's, nurtured by the good party style and social trends at that time. They witnessed the struggles of the "movement for the suppression of counterrevolutionaries," the "movement against the 'three evils'" and the "movement against the 'five evils,'" experienced the "struggle against the bourgeois rightists," became involved in the waves of the "Great Leap Forward," took part in the "four clean-ups" movement, and in particular, during the "Great Cultural Revolution," together with the party and the state, they experienced harsh tribulations and tests. After the 3d Plenary Session of the 11th CPC Central Committee, they went through further tempering in the course of bringing order out of chaos and in the building of the four modernizations, thereby accumulating rich experiences in both positive and negative aspects. At present they are in their prime of life. Young, vigorous, with open minds, and bold in exploring new ways,

they have a sense of urgency and duty toward the change of the backward state of the motherland and they understand and support the principles and policies of the party. Hence it should be affirmed that they are comparatively mature in terms of politics and work experience. If one cannot see these strong points of theirs, how can he see the bright and splendid future of our motherland?

"They do not have sufficient prestige to gain the support of the masses." This view should also be analyzed. With regard to the broad masses and cadres, what they demand of the leading cadres is not seniority but practical performance. Seniority does not have a direct bearing on the interests of the people. A leading cadre is sure to gain the trust and support of the masses if he can pursue a correct path, have a decent style, maintain good ties with the people, and make contributions to the reform and to the building of the four modernizations--it is in these things that the fundamental interests of the people lie. Paying too much attention to qualifications and experience is, after all, an outmoded thought about seniority. Those who think this way are mostly members of the leading bodies and people around them. This situation demonstrates that on the one hand some of our comrades do not understand or are even ignorant of the necessity of realizing the policy of the "four requirements of cadres," and on the other, these comrades lack serious understanding of the question about whether the utilization of cadres should be based on their strong points and talents or on their age and seniority. Was it not a fact that when Zhuge Liang took over the command of the whole army, Guan Yu and Zhang Fei were dissatisfied because of his young age and low qualifications? However, because Liu Bei resolutely promoted him to the senior rank on the basis of investigations and careful consideration, Zhuge Liang was able to give play to his wisdom and talents in commanding the army, with the result that the broad masses of officers and soldiers supported him and followed his leadership. In this way he succeeded in gaining the support of his subordinates, did he not? More than 2,000 years ago, with regard to "the emperor utilizing talented people," Mencius suggested that "if the high officials say that the man is talented, it is not enough; if many officials say that the man is talented, it is still not enough; and if all the citizens say that the man is talented, this man should be first verified to be talented upon investigations and then be used." From this illustration it can be seen that listening to the opinions of the masses extensively and examining the practical results in work are the correct basis for selecting and promoting cadres. Therefore, as long as the old comrades can take the overall situation into consideration, deem it their duty to nurture middle-aged and young cadres, and warmly welcome and support those outstanding cadres who are comparatively poor in experience, low in prestige, and young in age to assume their newly appointed leading posts, it is certain that the majority of these newly promoted cadres can enhance their prestige in time and gain the support of the masses and can do things catering to the wishes of the masses.

"They are rather proud and are disobedient." Naturally, pride is not good. However, many of those who are branded proud are often those who dare to think and explore new ways with foresight and valor. These people are sick

of the stereotyped conventions and vulgar practices of blindly following the instructions of one's superiors, and they prefer to forge ahead before others and are not shy of "being in the limelight." "The wind blows first at the tree which grows taller than all the others; water beats at the rock which protrudes out of the bank." Were Sun Yat-sen and Lu Xun not labeled proud and arrogant in their young days? However, a practical and daring spirit coupled with boldness in thinking and exploration is quite different from a feeling of pride and only a smattering of knowledge. Furthermore, even if some young and inexperienced comrades have these defects, it is unnecessary to make a fuss about it. As long as we can put them in appropriate places according to their talents and bring their strong points into play, their defects and shortcomings can be changed in the course of practice. When discussing the party's policy toward cadres, Comrade Chen Yun once said: "Arrogance and conceit are of course no good. However, the view concerning these may be one-sided. Very often a bad thing goes together with a good thing. If a man is somewhat conceited and is full of confidence in doing things, he is more or less a competent and talented person. He dares to be arrogant because he has certain ability and potential." ("Selected Works of Chen Yun," p 45) This tells us that at the present time when our country is in great need of brave, talented, and enterprising people, we should guard against discarding highly talented people just because of their shortcomings.

"Obedience" or "disobedience" is also not the criterion of our party in evaluating cadres. The noble morality of a communist is to fight for truth. Thus, those things that are correct should be followed, and those that are incorrect should be rejected. To demand that the party's cadres follow the words of an individual not only violates the party's line on cadres, but also violates the principles of Marxism on individual and organization and on democracy and centralism. The relations of the upper levels and lower levels of our party are equal. The upper levels should not adopt an attitude of ordering people about as they please, and the lower levels should not obey their superiors in an unprincipled manner. Comrade Hu Yaobang once proposed that the comrades at the local levels should adopt a correct attitude toward the instructions of the central authorities: "Local comrades can consider what the central authorities have not considered; local comrades can do things which are judged to be correct but which the central authorities have not planned; local comrades can do things flexibly if the instructions of the central authorities do not conform to local conditions; and local comrades can argue against the decisions of the central authorities if these decisions are incorrect." This passage is definitely worth some thought. Since seeking truth from facts is applicable to the instructions of the central authorities, how can a personal view "be absolutely followed"? Again, following instructions obediently does not mean true respect for you, nor does it mean rendering great service in work. Those who are not very obedient may not necessarily harbor an ill feeling toward you, and very often they can help you overcome shortcomings and defects in your work which are not so obvious and can put forward constructive views. Some outstanding leading comrades, with the purpose of considering a problem in an all-round and more careful way, often encourage others to raise questions and give active consideration to opposite views, so as to improve

and perfect their own decisionmaking. This kind of leadership can avoid bureaucracy on the one hand and extensively mobilize the initiative of the masses on the other. As for those people who demand absolute obedience from their subordinates and cannot bear to hear different views, most of them are sure to fall from power.

According to the reflections of the comrades of some provinces and municipalities, in those leading organs readjusted during the structural reform, the majority of the newly promoted middle-aged and young cadres are active in their work, respectful to old comrades, and bold in exploring and breaking new ground. However, there are still some people who are unable to bring their talents into play, or, with the feeling of it "being hard to progress further and difficult to give up altogether," some even request that they be sent back to their original posts. If this condition is to be changed, it is necessary that the comrades concerned adopt a correct attitude and pull together in their work, and it is most important for the old comrades to solve the problem of cooperation between the new and the old cadres and replacing the old with the new.

Cooperation and replacement complement each other, and it will not do if one of them is lacking. Replacement should be realized in the course of cooperation, and further cooperation should be practiced amid replacement. Cooperation is the basis and premise for replacement, and replacement is the result of cooperation and signifies a new kind of cooperation. If attention is only paid to cooperation without caring for replacement, it is in effect tantamount to "helping to mount the horse without handing over the reins," and if attention is only paid to replacement without caring for cooperation, it is in effect tantamount to "whipping the horse without any concern for the rider." The practice of "helping to mount the horse and escorting the rider for some distance" in many places has provided precious experience for achieving both cooperation and replacement. It consists mainly of: 1) Fully trusting the newly promoted comrades, giving them heavy responsibility in frontline commanding posts, and letting them have both titles and real power, so that they can devote their energies to their posts with pleasure. 2) Introducing detailed conditions to the newly promoted comrades warmly and systematically and helping them understand and analyze the problems that may crop up, so that they may have a clear idea about the conditions and the problems involved. 3) Not interfering in small matters and providing assistance in finding solutions to problems. In particular, when new difficulties arise, the old comrades should carry out intensive investigations and study and put forward suggestions based on careful consideration so as to help the new cadres make correct decisions. 4) When the newly promoted comrades commit mistakes in their work, in other words, when they have drunk "some mouthfuls of water," the old cadres should first shoulder responsibility for them, and at the same time warmly help them sum up experiences and lessons and encourage them to make fresh attempts with fortitude. 5) When the newly promoted comrades meet with difficulties or interference, the old comrades should justly and firmly support them and give them advice. When they are slandered by envious people, the old comrades should stand out boldly and speak the truth so as to set things on their right course. 6) "Knowing the defects

because of one's love and intimacy." The old comrades should timely and earnestly point out the shortcomings and mistakes of the newly promoted comrades and help them correct these defects. The irresponsible attitude of "once the master has initiated the apprentice, the apprentice will be left alone to pursue his own course" should never be adopted. These experiences prove that if our old comrades can regard the support given to the newly promoted comrades as of primary importance and strive to make more contributions to reaching and supporting the new comrades, the cooperation and replacement between the new and the old cadres will certainly achieve splendid results.

With regard to promoting the middle-aged and young cadres to the leading bodies and doing a good job in cooperation and replacement between the old and the new cadres, the old cadres shoulder the major responsibility. This is a glorious task entrusted to the old cadres by history. However, this does not mean that the middle-aged and young cadres entering the leading organs have no obligation at all in this regard. As a matter of fact, the middle-aged and young cadres entering the leading bodies shoulder a heavy responsibility of taking over from the predecessors and setting a new course for the future, and it is incumbent upon them to strive to explore new ways in the course of cooperation and replacement between the new and the old cadres. Comrade Hu Yaobang said: The middle-aged and young cadres "should regard surpassing the older generation as an important task entrusted to them by history." Therefore, the first thing to do is to learn continuously--to learn from books, to learn from practice, and especially to learn modestly, earnestly, and conscientiously from those old comrades who are highly experienced and are just and free from selfishness. It is necessary to learn from their rich experience and to learn from their fine tradition of loyalty to the revolution, diligence and hard work, and always maintaining close ties with the masses. It is necessary to realize the fact that the promotion of one's rank does not mean the enhancement of one's ability at one stroke. While transforming the objective world, it is necessary to strive to transform one's subjective world, establish the communist outlook on life, and have a correct understanding of the relations between the individual and the organization, between the individual and the collective, and between the individual and the masses. The newly promoted comrades are sure to meet with a lot of difficult problems in the course of their work, such as the inveterate mountains of documents and seas of meetings, the deeply rooted outdated conventions and customs, and the complicated personnel relationships. On the one hand, it is necessary to realize their inveteracy and not to try to tackle them in a rash manner; on the other hand, it is necessary to strive to seek the most effective ways and means of solving these problems, to learn to be bold in making revolutions and good at making revolutions, and to combine principles with flexibility. At the same time, it is necessary to guard against the pollution of the three evil trends--the trend of ostentatiousness (indulgence in keeping up appearances, outward forms, and empty talk), the trend of bureaucracy (arrogance, deviation from the masses, and departure from reality), and pride (bullying others and looking down on others), and to guard against the erosion of the decadent ideology of capitalism. When a person has been promoted, praise and flattery will invariably knock at his door without

being invited. Furthermore, while "obedience and subservience" sound pleasing to the ear, "riding a sedan" is more "comfortable" than going on foot. Failure to guard against this will become the starting point of bureaucracy. It is necessary to learn from the spirit of "being more prudent when one is alone," as advocated by Comrade Liu Shaoqi, and set a strict standard for oneself so that one can "see people through both eyes," taking note of both merits and demerits, and "listen to others with two ears," especially those words expressing different views. Sometimes these views may be from a distant place and spoken with a weak voice. At this point it is more necessary to listen to them modestly or even "buy them at a high price." It is necessary to reject all kinds of flattery and praise, especially the propaganda in praise of oneself without due regard to facts. One should not ask others to write articles or to prepare speeches for him, and should be able to stand on his own. It is necessary to guard against becoming a lord who cannot move without a stick or without others carrying him. Even if we have made some achievements, we should still never forget that we are always the servants of the people and should never break away from the masses.

At present, the important decision of the CPC Central Committee on cooperation and replacement between the new and the old cadres have taken root in the hearts of the people, manifested their tremendous force on various fronts, accumulated precious experience, and enriched the Marxist theory on the building of the ranks of cadres. In accordance with the requirements--"enlightenment and taking the lead"--put forward by Comrade Deng Xiaoping, many old comrades have regarded the realization of the cooperation and replacement between the new and the old cadres as their own "three kinds of happiness." Selecting people with integrity and ability for the party, and succeeding in discovering, assessing, and selecting a large batch of middle-aged and young cadres who have both integrity and talents and who are in the prime of their lives, commanding very bright prospects, so that the party's cause enjoys the supply of successors--this is one kind of happiness; supporting young cadres in coming to the fore and retreating to the second or third line oneself, and casting off routine matters and concentrating energies on helping young cadres to display their talents and increase their experience and knowledge--this is another kind of happiness; being able to see that the young cadres who have been promoted and assisted by oneself dare to explore new ways and display vigor and creative spirit and even do better than oneself--this is still more profound happiness. How broad this communist breadth of vision is and how precious this spirit of the steps of men"! They have achieved new scores for the party and for the people's cause and have opened up a new situation in implementing the new cadre line in the new period, and the party and the people will never forget this.

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## INVIGORATE THE ELECTRONICS INDUSTRY, PROMOTE THE FOUR MODERNIZATIONS PROGRAM

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[Article by Jiang Zemin [3068 3419 3046]]

[Text]

I

At present, both in China and abroad, fervent discussions are going on in regard to the new technological revolution and there is much diversity in the views expressed. However, among them one viewpoint is obviously common and this is that electronics technology, particularly that of microelectronics and electronic computers, occupies a place of commanding importance in this new technological revolution and plays a leading role. This is determined by the special feature of electronics technology of being adaptable to the current and future progress of society.

Electronics technology is a rather comprehensive type of scientific technology studying the laws of movement and effect of electrons and electromagnetic waves and also represents a type of material device applicable to the vast domain of the information industry and energy interchange. It can also turn various types of energy and information in nature into signals and carry out the various processes of assimilation, reproduction, inspection, differentiation, transference, replacement, storage, computation, control, handling, and simulation, and thus achieve various purposes of application. At present, people can place electronic circuits on a semiconductor core the size of a fingernail which can contain tens of thousands, or even a million, electronic parts, forming large-scale and super-large-scale integrated circuits. These types of microelectronic items, despite their small size, can perform really high-level functions. The speedy development and extensive application of integrated circuits signifies the entry of the electronics industry into a new stage of taking microelectronic technology as the base and making it possible for electronic products to develop in the direction of being microcomputerized and ingenious. In particular, following the adoption of microelectronic technology in electronic computers, their functional capacity has risen greatly and big fall has been noticeable in their prices, thus opening up new ground for their even greater and more extensive application. If it is said that in the history of the development of mankind's social production a great leap forward in the development of the social forces of production was brought about by the

manufacture and use of mechanical tools, which literally helped to extend and supplement man's two hands, and also by the invention and application of the steam engine and electrical appliances, which extended and took over a portion of manual labor, then it may also be said that in the case of microelectronic technology and the electronic computer possessing the functions of memory (storage of information), computation, control, providing aid to man's thinking and exercising a definite degree of logical assessment and judgment, their invention and use have helped to extend the human cerebrum and take over part of man's mental work. They have promoted the level of information technology and automation technology to a brandnew stage, forming the technical basis of modern society. This represents a gigantic improvement of epoch-making significance in the history of development of the natural sciences and represents an important landmark in the new technological revolution.

Electronics technology possesses the special features of being readily combinable with other sciences and technology and of infiltration into many fields. Its extensive application is conducive to promoting progress in other branches of science and technology, bringing about intensive changes in the entire socioeconomic structure, as well as in man's mode of life. For example, electronics technology utilizes the effects of light and electricity and combines itself with optics to form photoelectronics technology. This has added even more effective material assistance to information processing. The combination of electronics technology with mechanical engineering technology can bring about qualitative changes in such traditional industries as machine building, light industry, and the textile industry, bringing forth a series of new products involving the union of machines and electric power and opening up new markets. In the so-called "three A's revolution" of modern society, that is to say, "factory automation," "office automation," and "household automation," all the various kinds of automatic equipment are realized by using microelectronic technology and the electronic computer. Electronics technology is currently being applied on an unprecedentedly large scale and at high speed in the various domains of economics, science, culture, military affairs, and ordinary livelihood. This has given a new appearance to the various faces of society.

Electronic technological products possess special merits of high reliability, low consumption of labor, economy in the use of energy, raw materials, space, and human labor, and high added value. Their use will greatly increase production, raise work efficiency, and lower consumption of raw materials and energy, thus achieving big economic results. Hence, in the great majority of economically developed countries, the electronics industry has all along maintained a rather high speed of development, the demand by society for electronic products has sharply increased, and the output value of the electronics industry has continuously occupied an increasing proportion of the gross output value of the national economy. Many countries have made major investments in the electronics industry and considered it an industry for priority development.

## II

In face of the new technological revolution, people are deeply concerned with the construction and development of the electronics industry in our country. The majority of comrades advocate that our country should pay close attention to the development and application of newly rising technology, bring the guiding role of the electronics industry in the modernization program into full play, and adopt effective measures to speed up its development. Only in this way will it be possible to build and develop industries of high-grade technology, using advanced electronics technology to transform the traditional industries, building up a material and technological foundation for our country's modernization, and catching up with the scientific and technological level of the advanced industrial countries. This will create the necessary conditions for invigorating the economy. Some comrades believe that our country's urgent task at the moment is to develop the traditional industries and that only when the traditional industries have been developed and a foundation has been firmly built will it be possible to vigorously develop the electronics industry. There are also people who believe that as our country has a huge population, taking the path of automation will only bring troubling problems in employment, and so on and so forth. In our opinion, under the new conditions of the prosperous growth of the world's new technological revolution, we should intensively take note of a passage in Premier Zhao Ziyang's recent report on the Sixth 5-Year Plan: "The electronics industry plays an exceptionally important role in modernization construction. We should pay special attention to its development and gradually apply electronics technology to the various departments of the national economy." Abiding by the spirit of these words of Premier Zhao, we should regard highly the development of the electronics industry.

True, our country's current traditional industries are still not greatly developed. Their technological levels are still not high. In particular, the energy and communications sectors are the weakest links in the four modernizations. They should be taken as the major construction projects and their development speeded up. However, how should we improve the traditional industries and the weak links? The key lies in technological improvement, building the traditional industries on a foundation of advanced material technology. Viewed from certain aspects, modern electronics technology is the nucleus of an advanced material technological foundation. Extensive development and application of electronics technology can provide advanced technological equipment for, and inject new blood and productive force into, the construction and technical transformation of the traditional industries and, at the same time, raise the utilization rate of energy and reduce the pressure on energy from the national economy. This is also one of the effective means of solving the state of tension in the energy and communications sectors. According to a preliminary estimate, our electric power industry, through the use of electronic computers in automatic control and regulation, can reduce power stoppage losses amounting to some 2 billion yuan annually. In 1980, fuel power generation in our country exceeded 230 billion kilowatt-hours. If advanced technology such as electronics control had been in use, matching the advanced level in foreign countries, coal consumption could have been

reduced by some 23 million tons. In the coal, petroleum, and chemical sectors, use of electronics technology in the automatic control of production processes and in economic management can greatly raise production efficiency. If railroad transportation can universally make use of electronic computers to carry out operation and management then, according to experience abroad, the transportation rate can generally be increased by 25 to 30 percent. Even assuming an increase of only 10 percent is effected in our country, great savings can be achieved in the use of freight wagons, each year about 200 million more tons of material resources can be transported, and the railroad system can increase its income by over 100 million yuan. And even more spectacular will be the socioeconomic benefits derived from the speeding up of the turnover of material resources. In the case of the machine-building, light, and textile industries, their application of electronics technology can facilitate the updating and replacement of products, raise the level of production techniques, and bring about important changes in the industrial structure. Therefore, in the modernization program, the electronics industry should take the traditional industries as a basis, while the development and technical transformation of the traditional industries cannot be devoid of support from electronics technology. Speeding up the development of the electronics industry and making it surpass past development agree with the law of economic development.

Our country has a big population and is rich in labor resources. This provides advantageous conditions for the development of the labor-intensive type of industry. However, this should not make us overlook the important nature of automation. In our country, the principal purpose of automation is not the replacement of manual labor. Rather, it is to improve the quality of the products and to improve production efficiency and economic results, using an identical amount of labor consumption to create more material wealth and meeting the people's continuously increasing material, cultural, and livelihood needs. At the same time, in our scientific experimental and social production activities, many of the processes and operations cannot rely solely on man's two hands and his faculties for their realization and accomplishment but must rely on the use of modern electronic technological equipment. For example, in the computation and handling of huge and numerous figures, examination and study of microscopic structure or of the macroscopic universe, control and inspection of the production of high-precision products, guidance of strategic weapons, transmission and handling of ever-changing social information, and so on, we must all depend on the use of electronic technological equipment in order to meet the demand for speed, flexibility, and accuracy. Automation makes it possible to reduce the number of direct production personnel required for each stage of the production process or for each post, but these personnel may be in turn transferred to other posts to do other kinds of work. Even when automation has reached a high stage of development, many people are still required to watch over the control of the technological equipment, to work out procedures and planning, and to attend to the necessary maintenance and subsidiary work. Automation can enable the structure of the employee corps to change from the manual labor type to the mental labor type. Development of the newly rising industries and processes within the electronics industry provides new employment opportunities for a vast number of people. For

example, the speedy development of software and information processing and services calls for a large increase in the number of people engaged in the making of software, in the processing of information, and rendering technical services.

The vigorous development and expansion of the use of electronics technology will effectively promote the construction of socialist spiritual civilization, speeding up the elevation of the scientific and cultural level of the whole people. This is because the electronics industry can provide a variety of advanced scientific experimental devices, educational measures, and propaganda tools for scientific research, culture and education, broadcasting, and propaganda, thereby helping in promoting the dissemination of science, culture, and technology, expanding education, and improving the quality of teaching and training. The electronics industry is currently providing a daily increasing variety of electrical appliances for household use, facilitating the gradual elevation of the level of material and cultural life of the people.

### III

At present, the outstanding problems existing in the development of the electronics industry of our country are as follows: weak foundation, backward technology, and a wide disparity between it and the world's advanced level, all of which are conditions which are hardly commensurate with the heavy task which it shoulders in the four modernizations. Facing the challenge of the new technological revolution and the urgent demands on electronics technology for the modernization program, the electronics industry should be in a key period of concentrating its forces on seeking rapid development, but our country has limited financial resources and its material resources are insufficient and widely dispersed and distributed. It is true that, inspired and urged on by the new technological revolution, various localities and departments have demonstrated an unprecedentedly valuable enthusiasm for the development of the electronics industry, but if the guidance is not effective enough, the problem may arise of rushing headlong into mass action and developing in a blind manner. Following the further implementation of the policy of opening to the outside, there are more opportunities for our introduction and application of the world's advanced technology and for speeding up technological progress, although this is countered by our electronics products facing more severe competition from foreign electronics products. The existing problems in the present economic management system of our country, of politics interfering with business in the enterprises and the demarcations and divisions between the departments and localities, are disadvantageous to the unified planning and coordinated development of the electronics industry of our country, and also disadvantageous to making the enterprises display their enthusiasm. In view of the above, to speed up the development of our country's electronics industry, it is necessary that we take the actual conditions of our country as a basis, study and learn from the experiences of foreign countries, insist on reforms, be brave in creating something new, and earnestly solve well the following problems:

1. We must definitely solve the problem of the strategic position of the electronics industry and formulate the necessary measures for that. In the four modernizations, the electronics industry bears the heavy burden of providing modern military electronic equipment to the armed forces, modern electronic technological equipment to the various departments of the national economy, and electronic products of a daily consumption nature to the populace at large. The deeper the penetration of the new technological revolution, the more important is the role of the electronics industry in developing the economy and promoting social progress. Hence, I believe that in economic construction, we should place the electronics industry in the same important and strategic position as that of energy and communications. We should provide it with major support and speed up its development. Concurrently, we should study the development strategy of the electronics industry and formulate the corresponding measures thereon, such as measures related to investment, measures for the study and development of new technology and new products, measures related to the introduction of technology and the import and export of electronic products, measures and policies related to the geographic distribution of industrial production, measures on the application of, and equipment for, electronics technology, measures for mental development, and so on and so forth. They should all be treated as concrete policies and measures and carried out in actual work.

2. We must set up the ideology of treating the whole country as one chessboard, carry out unified planning and strengthen management of industries and trades. The electronics industry is a complex industry of high-level techniques which demands coordinated development, linking the parts with the whole, the fundamentals with the completed equipment, hardware with software, production of a single unit with production of a whole series of units, and production with technical services. It demands close union between scientific research and production and adaptability of production scale to market needs. The electronics industry of our country is now in a new stage of development. It is being developed with great enthusiasm among the various departments and localities and the overall situation is a fine one. The points that deserve notice are: Everybody is striving to put into production those projects which require little investment, produce quick results, and are urgently demanded in the market (such as production of color TV sets, recorders, and microcomputers or of their parts), and there is a lack of enthusiasm for those important projects which turn out basic products, require much investment, present difficulties in production, are used little and suffer generally from a small market. This raises the possibility of generating a proportionate imbalance within the electronics industry. In order to lead the enthusiasm of the various sides for developing the electronics industry onto the track of planned proportionate and healthy development, it is necessary to treat the whole country as one chessboard, to perform well the planning of the industries and trades, and, under the guidance of unified planning, to break through the demarcation line between departments and localities and organize well all the forces of the electronics industry in scientific research, production, mathematics, and application, carrying out a rational division of work, duly differentiating between those projects that are important and those

that are not, and working effectually in coordination. It is necessary, following the guiding thought of liberating ideas, actively carrying out practices, taking firm steps, and seeking truth from facts, to carry out systematic and penetrating reforms in the leadership management structure of the electronics industry and, taking the direction of dividing politics from business, to simplify and minimize political interference, releasing downward the decisionmaking power, and to employ suitable economic measures to facilitate reorganization and combination of the enterprises and rationalization of the economic and technological structure.

3. We should implement the principle of "limiting the objectives but giving prominence to the major projects." There is a great diversity of departments in both electronics technology and the electronics industry itself. Their tasks of scientific research, trial production, and actual production are indeed enormous, but the state has limited financial power and material resources, while the problems demanding its attention are numerous. In such circumstances, it is necessary that we start from the actual conditions and insist on adopting a policy of acting according to our capability and giving prominence to the major projects. That is to say, in a particular stage of development we should determine limited objectives, concentrate our strength on grasping the most important products and the technology of key importance, and, by means of breakthroughs in the major projects, guide and motivate the situation as a whole, and strive for achieving the best results under the condition of limited investment. In the strategic arrangements for developing our electronics industry, during the current and middle periods we should concentrate our major strength on developing the microelectronics industry and the microcomputer industry, strive to establish, during the Seventh 5-Year Plan period, a foundation for the microelectronics industry in order to speed up the development of the major products for military electronic equipment, electronic computers, communications equipment, and other means of production, speed up the development of these products in the direction of microelectronics, and bring about the comprehensive and coordinated development of the electronics industry on a new technological foundation.

For the sake of concentrating strength to ensure the realization of the major projects, it is necessary to correctly handle the relations between concentration and dispersal. In regard to the scientific research on, and production of, large-scale integrated circuits, electronic computers, and other products which require a high degree of concentration of technology and capital, it is necessary to select, as bases for major construction, localities which are relatively centralized, which are suitable for scientific research, education, and production, and which have relatively superior conditions in terms of resources and natural environment, thus taking the road of intensive production and at the same time extensively opening up the application and development of these products. As for other electronic products which are technologically simpler and are widely used, such as certain electronic products of a consumption character, the locations of their production points may be relatively dispersed, but it is still necessary to carry out planning for the industry or trade as a whole and to effect a rational geographical distribution of the plants in accordance with

the conditions of market demand and the quality and character of the enterprises. Moreover, we should support enterprises which turn out good-quality and well-known brand products in increasing production, and bring about the union of planned guidance and competition.

4. We must further implement the policy of opening to the outside and actively introduce and adopt the world's advanced scientific and technological results. At present, electronics technology is constantly changing and improving at an extremely sharp pace. In order to reduce our disparity with the world advanced level, we should not only be bold enough to climb the peak of scientific technology but should also adopt a strategy of development by sections, that is to say, within a stated period, striving for realization of sectional objectives at different levels, so as to maintain a relative stability in development. Under the new situation of the state taking a step further in opening to the outside, we should further expand the technological and economic intercourse with the outside, adopt diversified forms and channels, such as union of technology and trade, union of industry and trade, and so on, to import and employ the world's applicable advanced technology and modernized management methods, and strive to leap over certain traditional development stages of electronics technology, thus speeding up technological progress. In certain areas and projects, we may even adopt a pattern which is the opposite of development, that is to say, concerning products which society urgently needs but which our country cannot supply at the moment, we should import the key parts of the equipment to organize production, or even import the full sets of equipment. We thus start with meeting current needs and with rendering technological services. In the course of this procedure, we should digest and absorb, improve and create new things, and gradually realize self-production, bringing up our capacity for self-reliance. It is necessary to make full use of the "windows" for technological and economic intercourse with the outside situated in cities and towns along the coast and in special economic zones which have been opened to foreign intercourse. Concurrently, we should select certain major enterprises and provide them with even greater decisionmaking power in relation to their foreign operation activities. We can thus more effectively develop technological and economic intercourse and cooperation with foreign countries. Under the conditions of more intensive competition from foreign electronics products following the further opening to the outside, it is necessary to formulate a sectional electronic technological equipment policy, and also a restricted but adequate protectionist policy covering electronic products manufactured by our own country. This will be beneficial to the healthy development of our national electronics industry.

In addition, we should pay close attention to the development of mental resources, and grasp well the training of personnel. Concurrently, it is necessary to further strengthen and improve the management of the scientific and technical corps, to continue to implement well the policy on intellectuals, to make rational use of talent, and to bring the role of the current scientific and technological personnel into full play.

Moreover, we should pay special regard to the opening up of new types of materials, so as to build a material foundation for the development of the electronics industry. From now on, stress should be laid on the development of monocrystalline silicon and other supplementary materials of large diameter, a high degree of purity, and a high degree of integration. We should promote industrialized production of semiconductor bodies such as arsenic gallium, speed up the study and making of information recording materials, the specialized production of sensitive materials, and the development of optical fibers and other optical fiber, instruments and products.

It is our belief that under the important concern of the party and the state and with the various localities and departments enthusiastically cooperating and carrying out a correct development strategy and policy, the electronics industry of our country can certainly be invigorated and developed, making its due contributions to the four modernizations.

CSO: 4004/3

## ON READJUSTMENT OF THE TRANSPORT AND COMMUNICATIONS SETUP

Beijing RED FLAG in Chinese No 18, 16 Sep 84 pp 33-36

[Article by Jin Luzhong [6855 1462 1813] and Zhang Bingfu [1728 4426 4395]]

[Text] The Transport and Communications Setup Is Gravely Imbalanced and Must Be Readjusted

Since the founding of the PRC, transport and communications in our country have been greatly developed. But just as Comrade Hu Yaobang said at the 12th CPC National Congress: "Transport and communications capacity can hardly meet the needs of the increase in the volume of transport." Transport and communications, which basically should progress before other things, have been in a prolonged state of tension and have actually become one of the principal causes restricting social development and the development of the national economy.

The tense situation in transport and communications is principally due to the fact that, in proportion, their development has been for a prolonged period out of balance with the development of the national economy. For example, take the case of the railroads. Since the founding of the PRC, the operation mileage of the railroads has increased by only a little over 100 percent, but the volume of passenger and freight transport which it must bear has increased respectively by 800 percent and 1,900 percent. Another important factor for the tension in transport and communications may be attributed to the irrational internal structure of transport and communications. For a prolonged period, the development of water, highway, and civil aviation transport has been neglected, and, as a result, the superior points of the various forms of transport have not been brought into full play, thus hampering the improvement of the comprehensive capacity of transport and communications and of the economic results.

The major problems of the internal structure of transport and communications are as follows:

First, the transport burden falling on the railroads is far too heavy, resulting in the individual superior features of the railroads, highways, and civil aviation failing to be well displayed.

Short-distance transport and odd-lot freight transport do not constitute the superior points of railroad transport. But in the volume of freight transport of the railroads, roughly 25 percent of freight transport is within a distance of less than 100 kilometers. It is estimated that the track transport capacity occupied by each train carrying odd-lot shipments is equivalent to three times that of a train carrying ordinary cargoes. If this portion of transport capacity is taken over by motor vehicles, more railroad transport capacity can be spared for the purpose of long-distance freight transport.

Under the conditions of mixed passenger and freight transport, passenger transport also does not constitute a superior point in railroad transport. According to estimates, transport of each passenger occupies 3 to 5 tons of the freight transport capacity of the railroads. In the case of passenger transport by motor vehicles, energy consumption and cost of production per passenger-kilometer is not far different from that of the railroads but, to form the same passenger-transport capacity, the necessary investment in passenger transport by motor vehicles is only around one-third of that for railroads. At present, on the busy trunk railway lines, passenger transport generally occupies 40-50 percent of the transport capacity. Moreover, the growth speed of passenger transport has far surpassed that of freight transport and there is thus a sharp contradiction, with passenger transport and freight transport both fighting for transport capacity. Obviously, use of motor vehicles to take over part of the short-distance passenger transport from the railroads will greatly liberate the freight transport capacity of the railroads and improve the economic results of railroad transport.

In recent years, certain provinces and municipalities have developed passenger transport by motor vehicle and reaped good results. For example, as a result of Henan Province greatly developing motor vehicular passenger transport, the Zhengzhou Railroad Bureau was able, in 1982, to stop the running of a passenger train each between Zhengzhou and Xinxiang, Zhengzhou and Kaifeng, and Zhengzhou and Lankao, equivalent to increasing the transport capacity by 2 to 3 freight trains. This helped to ease the tense passenger and freight transport situation in the vicinity of the Zhengzhou railroad pivotal area. At present, there is a great accumulation of coal in Shanxi Province and it has been necessary to determine production in accordance with the transport capacity. But some 30 passenger trains are running on the three big railway lines of the southern Datong-Puzhou, northern Datong-Puzhou, and Fengtai-Shacheng railways. If motor vehicular passenger transport is vigorously developed so as to divert part of the railroad passenger traffic, the tense situation in coal transport can be eased. In addition, according to estimates, if we use three medium-sized planes with a seating capacity each of 170 passengers flying for 7 hours each day between Beijing and Shanghai, their combined passenger-carrying capacity will equal that of a special express train. The railroad transport capacity thus spared by the use of these three planes will be sufficient to carry 2 million tons of coal to Shanghai. It can thus be seen that active development of the passenger transport capacity of civil aviation is also an effective way of liberating the freight transport capacity of the railroads and solving the tense situation in transport and communications.

Second, the superiorities of inland water transport and pipeline transport have not been well displayed.

The length of our inland waterways is in the world's front rank. South of the Qin Mountains and the Huai River, the inland waterways have a plentiful supply of water which is ice-free throughout the year, constituting good conditions for the development of inland waterway transport. Furthermore, water transport has the merits of requiring small investment, not occupying any land area, large transport capacity and low energy consumption and low cost of production. Unfortunately, for a prolonged period we have neglected construction of inland waterways and by far the great proportion of the water lanes have remained unattended to. In the utilization of water resources, important attention has been given only to irrigation, flood prevention, and power generation. Navigation has been overlooked and there has been a yearly increase of dams which hinder navigation, resulting in the navigation lanes being gradually shortened. What is particularly worthy of note is that the building of water dams has now been gradually extended to the trunk river lines. If due caution is not exercised in time the consequences are unimaginable.

In the United States, along with the growth of the railroads, inland waterway navigation based on the natural inland waterways has likewise gradually shrunk and withered. However, since the 1930's the federal government has carried out a policy of comprehensive treatment in respect of navigation and transport, flood prevention, and power generation on the Mississippi River and its branches. Dredging of the river to make it navigable from end to end of both the main and branch rivers has enabled inland waterway transportation to rapidly develop once again. At present in the United States, energy consumption in inland waterway transport is lower by three-fifths than that in railroad transport while the cost of production is lower by three-fourths. As a result, it has gained rapid development (computed on the basis of transport volume, its speed of development, compared with that of the railroads, is faster by 1,600 to 1,700 percent). It has become one of the mainstays in the transport of large quantities of bulk cargoes. This illustrates that in modernized transport and communications, natural navigation lines, originally devoid of any competitive power, can, following treatment and conservancy, possess rather great competitive power as well as display immense superiority.

Moreover, take the case of finished product oil pipeline transport. Compared with railroad transport, its cost of production, energy consumption, and investment are all lower than railroad transport and, relatively speaking, is thus economically rational. At present, our country has extremely few pipelines for finished product oil transport. If oil flow can be centralized to follow the direction of the building of pipelines, then not only can the transport of finished product oil be made more rational, but also the pressure on railroad transport can be greatly lessened.

Following readjustment of the industrial structure and structure of products of our country and along with the rapid development of commodity production in the countryside and improvement in the people's living, short-distance

transport, and particularly passenger transport, has increased and will continue to increase on a large scale. This state of affairs will require the transport structure to make the necessary adjustments.

Furthermore, seen from the experiences of many countries in the world, the great majority of them start from a transport structure with a certain transport form as the mainstay and gradually develop in the direction of a diversified and comprehensive transport structure. For example, in the United States, over the past several decades there has been a rapid development in inland waterway, highway, civil aviation and pipeline transport. Their relative importance or proportion has steadily risen and in combination with the railroads has formed a modernized comprehensive transport network with the radical features of a basically rational distribution of work and of each displaying its superiority. The transport structures of the Soviet Union, Canada, Japan and various countries in Western Europe display more or less the same pattern.

In short, for the purpose of a rational reduction of the transport burden on the railroads, it is extremely necessary to bring the superior features of the various forms of transport, including railroads, into full play in order to suit the readjustment of the entire economic structure to the demands on transportation and, earnestly summing up our own experiences and referring to the experiences of foreign countries, to carry out a readjustment of our country's transportation structure.

#### How To Readjust the Transport Structure

In readjusting the transport structure, it is necessary, based on the needs of the national economy and social development and taking due note of the special features and superior points of the various forms of transport, to appropriately determine the position and role of the various forms of transport in the whole transport network. Following this, we should clearly determine the direction of technological development, and the scale and order of progress in construction of the various forms of transport in accordance with their designated transport tasks. Starting from the current actual condition of the transport industry of our country, it is our belief that our transport and communications structure should make the following readjustments:

1. For a certain period of time, railroads will continue to be the main force of medium and long-distance passenger and freight transport in our country. Concurrently with strengthening the technical transformation of existing lines and the building of new lines (principally trunk lines for coal transport), it is necessary to create conditions to gradually convert, to other modes of transport, short-distance freight transport within 100 kilometers, passenger transport within 200 to 300 kilometers and over 1,000 kilometers, and move transport of finished product oil in the direction of centralization, in order to devote by far the greater proportion of the transport power of the railroads to the transport of high-volume cargoes such as coal, ores, and construction materials. This will enable the railroads to make full use of their advantages of carrying long-distance, high-volume and heavy cargoes, and freight.

In order effectively to solve the problem of coal transport in our country, it is necessary to fix a basic technical policy of developing heavy-duty trains that can carry heavy weight. To coordinate with this policy, it is necessary to speed up the reform of the tractive power of the locomotives, in particular quickening the process of electrification. At the same time, the effective length of station lines of the trunk railroad lines along the coast should be increased from 850 meters to 1,050 meters or even longer. Adoption of these measures could enable the transport capacity of coal trains of the trunk railroad lines along the coast to increase by 40 to 70 percent. In addition, if a good job is done in such other measures as dividing the flow of short-distance transport and passenger transport, it may be entirely possible to increase by 100 percent the freight transport capacity of the trunk lines.

Apart from the above, in order to suit the trend of a rapid increase in passenger transport, it is necessary to study the possibility of developing special lines for passenger transport in the outskirts of large cities, between large cities and their satellites, and in areas like those between Shenyang and Anshan, and Beijing and Tianjin where passenger traffic is especially heavy.

2. Highway motor vehicular transport possesses the superior features of flexibility, mobility, quick dispatch and ability to provide door-to-door service. Following the progress of the four modernizations and development of commodity production in the countryside as well as opening up of the border regions, it is necessary that highway transport be greatly developed. This point must be duly stressed in planning and in guidance thinking. Technical transformation and construction of the highways form the basis for developing highway transport. At present, the urgent problem that needs solution is that the state must take up the responsibility of the planning, construction, and management of the trunk highway network and, first of all, perform well the job of the technical transformation of some 100,000 kilometers of trunk highway lines. It should not consider highway construction as merely a local affair. To suit the development of highway freight and passenger transport, speeding up the technical introduction of large-size diesel engine motor vehicles and the study and construction of passenger vehicles equipped with safety and comfort features must be emphasized.

3. It is necessary to vigorously strengthen the construction of inland waterways and put the superior features of water transport into full play, enabling it to become one of the major forces for transporting cargoes in large quantities and in bulk. In recent years, water transport along the coast in our country has achieved rather rapid development, and combined water-land through transport has begun to take shape. This plays an important role in readjusting the transport structure. At present, the problem is that there must be a planned readjustment of the inland waterways and improvement of the navigation conditions, so as to prepare a basis for providing navigation lanes to achieve through traffic navigation along both the trunk and branch waterways. Wherever the conditions of water transport can meet actual transport needs, we must generally refrain from building railway lines parallel to the waterways. For the purpose of strengthening

the comprehensive utilization of water resources, it is recommended that the state should speedily formulate navigation statutes, clearly stipulating that on the navigable waterways all construction and engineering projects must be beneficial to improvement of the navigation conditions.

4. We must actively support the development of air transport and of the civil aviation industry. The construction period for aviation transport is the shortest of all. Its transport speed is the fastest and suffers the least restriction from topographical conditions. We should give it active support and enable it to gradually become one of the main forces of passenger transport between large and medium-size cities and long-distance passenger transport to and from remote border areas. In the international civil aviation business, besides passenger transport, we should speedily develop freight transport. In developing civil aviation, the urgent problems that must be tackled include: Speeding up the modernized transformation of civil aviation equipment, and further improving the utilization rate of the civil aviation planes; speedily solving the problems related to the research and manufacture of civil aviation planes and improving the management system, and fully putting the potentials of the aviation industry into full play; by means of measures such as the union of technology and trade and the introduction of technology--gradually improving the quality level and self-sufficiency rate of civil aviation planes.

5. We must develop pipeline transport in a planned manner. Through areas where there is a centralized flow of finished product oil, pipelines should be speedily built. Experimental research on and construction of coal-transport by pipeline should be stepped up. We must also speed up the research on, and development of, offshore oil fields, pipeline transport of natural gas, and transport technology for liquefied gas, and make good preparations for transport conditions connected with the development of offshore oil in our country.

6. We must strengthen planning of communications in cities and towns and construct central points for the transport network well. Central cities being centers of interlocking diversified transport forms and the collection and dispersal points of passengers and freight, we should therein promote cooperation, coordination, and through traffic between the diversified forms of transport. The situation of demarcation and division between the departments and localities should be broken through. Relevant departments of the central and local governments should make a joint study of how to perform well the traffic regulations and planning of large cities and towns and large ports which exercise a decisive influence on the national transport network. This is one of the important measures for readjusting the transport structure.

In addition, it is necessary to devote great attention to the development of transport in the countryside.

## Guidelines and Measures for Readjustment

In realizing the readjustment of the transport structure, it is necessary to solve certain problems concerning guidelines, policy, and measures.

1. Reliance on technological progress. The essence of readjustment lies in putting the superiorities of the various forms of transport into full play and most economically and effectively meeting the transport needs of the national economy and social development. Display of superiorities and economic effectiveness is upheld from the point of view of comparing one transport form with other transport forms. The various kinds of transport forms have their own merits. They compete with each other and the key of success in competition lies in technical advancement. Hence, each transport form must strive to improve its own technological level and economic results. It is impossible to realize readjustment by simply relying on administrative directives. For example, if there is no big improvement in the grading standard of highways or in the technological or economic functions of motor vehicles, and energy consumption and cost of production are not substantially reduced, then it will be difficult to develop highway transport.

2. Technological and economic policies must be instrumental in putting the superiorities of the various forms of transport into full play. For example, the length of railway lines for special use built since liberation in our country was over half of the total length of the trunk lines. But construction of many of the special lines paid no attention to economic results. Small in their transport volume and high in transport cost, they have represented not only an additional burden on irrational railroad transport but also adversely affected the development of highway transport and water transport. Problems of similar nature should be carefully examined in the making of technical and economic policies. Oil prices, transport charges, and other concrete technical and economic policies should likewise meet the demands for readjustment of the transport structure.

3. It is necessary to gradually and in a planned manner readjust the proportion of investments in the various forms of transport. Transport and communications are short-term endeavors; all the various forms of transport must be developed but in a stated period our investments in transport and communications are limited. Therefore, within transport and communications themselves, it is necessary to rationally distribute and use the investments. Only in this way can we improve the comprehensive transport capacity to the maximum. We must appropriately raise the ratio of investment in water transport on the inland waterways, in transport on the highways, civil aviation, pipeline transport and in their affiliated industries. This will help to change the seriously backward state in these sectors.

4. The management system must be readjusted. The principal trunk lines of highways and inland waterways generally cross provinces, subordinate municipalities, and autonomous regions. The relevant departments of the central government should take over unified organization, construction, and management so as to help in the coordinated development of a national comprehensive

transport network. They should encourage the localities to raise funds for the building of local railways and airfields, and also encourage the localities and cargo owners to build their own ports and wharves. In the case of finished product oil transport we should follow the principle of unification of production, transport, and marketing--and whoever builds enjoys the benefits. A responsible department should be speedily designated to take charge of planning and construction.

5. The state should provide help toward solution of the supply of the necessary material resources. For example, tar-surfaced highways, compared with highways surfaced with sand and stone, can effect economy in oil consumption by 10 to 20 percent, the life expectancy of tires can be prolonged by 40 percent, the transport cost of motor vehicles can be reduced by 15 to 40 percent, and the economic results are extremely obvious. Unfortunately, at present, the supply of tar for highway construction is very scanty, being far behind actual needs. If problems of this kind cannot be solved, it will be difficult to effect improvement in highway transport.

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## VIEWING THE REFORM OF COMMERCIAL SYSTEM FROM REACTION OF EXCHANGE WITH PRODUCTION

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[Article by Wan Dianwu [8001 0368 2976]]

[Text] 1. Attach Importance to Reaction of Exchange With Production

The Marxist principle on reproduction tells us that production, distribution, exchange, and consumption together form the entire process of reproduction, in which none of these factors can be dispensed with or weakened. As for production and exchange, they interact and thus have a dialectic relation to each other. Generally speaking, production determines exchange, but exchange also has a reaction with production and sometimes plays a decisive role in production.

By production determining exchange, we mean that the development of exchange is not only closely related with production, but is also based on the development of production. Marx pointed out: "The depth, width, and methods of exchange are all determined by the development and structure of production. For example, the exchange between urban and rural areas, the exchange in rural areas and the exchange in urban areas." ("Collected Works of Marx and Engels," Vol 12, p 749) This can be seen from three angles. First, it was only because of the development of production that exchange of commodities took place. The development from simple self-sufficient production to a certain degree of social division of labor will inevitably give rise to exchange. As the first, second, and third major social division of labor emerged, commodity exchange continued to grow. Second, the scale and structure of production determines the scale and structure of exchange. The small scale of commodity production in a feudal society and its simple structures of undertakings and simple mix of products which were mainly grain, edible salt, cotton cloth and a small number of other necessary goods, determined the very underdeveloped commodity exchange at that time. However, in current capitalist society where nearly all goods are turned into commodities, the large scale of commodity production, and the complicated structure of trades and the frequent change in variety of goods provide material conditions for a dazzling exchange of commodities. Third, generally speaking, for a mode of production, there is a corresponding mode of exchange. "The form of exchange of products conforms to that of production.

As soon as the mode of production changes, the mode of exchange will correspondingly change." ("Collected Works of Marx and Engels," Vol 4, p 117)

By the reaction of exchange with production, we mainly mean that if the scale, structure, and methods of exchange are suited to the scale, structure, and methods of production, exchange will promote the development of production. If the reverse is the case, it will delay, hinder, or even undermine the development of production. Under certain circumstances, this kind of reaction may determine whether or not production can develop smoothly. Engels points out: "The trade of products will become divorced from, and independent of production once it begins. It will operate along the direction of its own movement. Generally speaking, this movement is determined by the movement of production. However, viewed in isolation and within this general subordinate relation, it operates, after all, in accordance with the law determined by the innate nature of this new factor, it has to undergo its own stages of operation and it reacts on the movement of production." ("Selected Works of Marx and Engels," Vol 4, p 481)

Concerning this kind of reaction of exchange with production, we can further understand it from the following angles: 1) Exchange is a bridge between production and distribution as one party and consumption as another, and distribution is determined by production. If the link of exchange is missing or is not suitable, it will be difficult for the whole process of reproduction to operate normally. Because the compensation for the materials consumed in the process of reproduction and the supply of the means of livelihood that laborers need depend on exchange, if exchange is blocked or suspended, this will inevitably cause production to wither or even become stagnant. 2) The realization of the value of commodities relies on exchange. Commodity production is aimed at selling the products and realizing the value of the products through exchange. If the products cannot be sold or if only a part of them can be sold, there will be a reduction or even a suspension of production. The realization of the value of surplus goods depends on exchange, otherwise, reproduction will be impossible. 3) The development of exchange can stimulate production. Marx said: "When the market expands, i.e., when the scope of exchange expands, the scale of production will grow and the division of labor in production will become more intensive." ("Collected Works of Marx and Engels," Vol 12, p 750) Under the conditions whereby production and exchange of commodities grow day by day, the various kinds of activities related to commodity exchange, such as the supply and demand of commodities, the prices of commodities, market information and market mechanism, will play an increasingly marked role in promoting and guiding the development of production, and various kinds of commodity production cannot develop, unless they serve the demands of the market and regard the movement of the exchange of commodities as a guide. 4) The goal of socialist production is to satisfy, to the greatest possible extent, the constantly increasing material and cultural demands of the whole society. These demands are generally satisfied through exchange. As a factor of the bridge between production and distribution on the one side and consumption on the other, exchange has to play a satisfactory role. Otherwise, production and consumption will become dislocated and there will be disorder and confusion in our production.

For a long time in the past, our country failed to attach adequate importance to commerce and there have been many defects in our commercial management system. The material facilities, contingent of staff and workers, and management ideology in our commerce do not meet the needs of the development of production, but restrict and hinder the development of commodity production and there have been lots of instances of commodity exchange being unsuited to commodity production. The theoretical and ideological source for this was our failure to deeply understand Marxist theory on reproduction, particularly, on the position and role of exchange in the process of expanded reproduction, and a certain degree of domination in people's minds of the view of natural economics which "attaches importance to production, but overlooks circulation." Now, we have put forth the idea that the reform in our commercial system is an important content in our economic structural reform and we even regard it as a breakthrough point, under certain conditions, in our economic structural reform. This shows that we understand the reaction of exchange with production. The further deepening of this understanding on the basis of integrating theory with practice will urge us to more steadfastly carry out the reform in our commercial system.

## 2. The Historical Conditions That Our Current Commercial Management System Is Based on Have Already Changed

Our existing commercial management system was established under specific historical conditions concerning the production and marketing of commodities. Now, these conditions have radically changed. In view of the total commodity purchase power and the total amount of possible supply of commodities, for a long time there was a shortage of supply in our country. Our commercial system basically began from a situation of shortage. Thus there emerged a commodity management system characterized by the state monopoly over the purchases and sales of grain and cotton and the exclusive selling rights over and the compulsory purchases of a number of goods, along with the rationed or restricted supply of many commodities. As there was a "shortage" of commodities, in order to arrange the market and stabilize prices of goods, we had to focus on exercising "control" in doing many things. However, we did not realize that after these conditions changed, the stricter the control, the greater the hindrance to the development of production. At the same time, there was a question as to who were the most suitable persons to exercise control in a situation where there was a shortage in the supply of commodities? The control had to be centralized by the upper level, otherwise, the lower levels would not be at ease and the upper level would fear that the distribution of goods would not be carried out satisfactorily. Therefore, the "shortage" aggravated the irrational centralized management. Now, we have already put an end to the shortage and there is an oversupply of commodities. Would it not be foolish in this situation, if we continued to stick to the old management system and failed to carry out a reform in accordance with the excessive supply of commodities?

For example, our industrial products wholesale system formed by grade one, grade two, and grade three wholesale stations is a system that we established under the following major historical conditions at that time (in

1953): First, in order to stabilize the market, the state needed to control the limited sources of industrial commodities through these wholesale stations and second, in order to carry out the socialist transformation of private industry and commerce, we used the methods of giving orders for processing of goods to sever the links between private industry and private commerce. Now, the first precondition has mainly been changed and the second precondition has completely ceased to exist. This urges us to radically change the relations between production and marketing and the forms of purchases and sales. Recently, the CPC Central Committee has made a decision on the reform--establishing industrial products trade centers. This is a breakthrough in the reform in our existing closed ration wholesale system with grades one, two, and three wholesale stations as the main organizations. This reform mainly begins with changing the relations between the production and sales of commodities. The establishment of industrial products trade centers with large and medium-sized cities as bases will enable the industrial and commercial enterprises in various kinds of economic sectors to compete with one another by the quality and prices of their products and negotiate and do business between one another in these open wholesale markets that fully utilize the regulation of market mechanism. Grades one and two wholesale stations may become the most important wholesale enterprises in the large and medium-sized cities where they are situated and they will take an active part in the activities of the trade centers, absorb and supply commodities and economically and rationally organize the circulation of commodities. In this kind of voluntary and mutually beneficial economic relation, we will gradually find relatively appropriate methods for the division of labor in production and sales between industry and commerce to replace the current mechanical division of labor or the relationship of "forced marriage."

The experiments in reform that have been carried out in the more than 5 years since the 3d Plenary Session of the 11th CPC Central Committee have proved that reform is the only way out and have provided rich practical experiences for carrying out further major reforms. At the beginning of 1979, the CPC Central Committee put forth the idea of giving full play to the supplementary role of the regulation of market mechanism on the precondition of persisting in regarding planned economy as the core. This is a major policy decision that we have adopted in the light of many years of practice and the actual reality in our country. Since then, people have attached increasingly great importance to commodity circulation and market mechanism and enlivening circulation and market has become an important content in enlivening the economy at home. During the past few years, we have correspondingly carried out some reform measures or made some experiments in reform mainly in the following three aspects: 1) We have switched from the previous practice of commercial business units, state-run ones, or supply and marketing cooperatives basically monopolizing their respective lines and scope of business to the practice of conscientiously encouraging and developing collective and individual commerce, the marketing of products by industrial enterprises on their own, industrial and commercial combines, combines between commercial enterprises, agricultural, industrial and commercial combines, trade warehouses, market fair trade and agricultural trade markets and many other diversified economic factors, circulation

channels, and management methods. 2) We have gradually reduced the number of the commodities of the first and second categories and increased the variety of nonplanned commodities. In the purchases and sales of industrial products, state-run commerce has put an end to the methods of monopolizing purchases and acting as sole agent for sales and carried out diverse forms of purchases and sales. After the fulfillment of the prescribed or planned tasks of purchases of the agricultural products of the first and second categories, our supply and marketing cooperatives, collective and individual commerce, and producers are allowed to carry these products away and sell them in other places. By allowing this, we have changed the previous situation of overcentralization and excessive rigid control. 3) We have given our commercial enterprises certain management decisionmaking power concerning their channels of purchase and prices of purchases and sales. In many retail enterprises and catering trade units, we have made experiments to implement the commercial all-round management responsibility system that combines responsibility, power, and interests. By so doing, we have given play to the initiative of our vast number of commercial enterprises and staff and workers in expanding the circulation of commodities and doing their business flexibly. The major content of the reforms similar to these was to readjust the relations between exchange and production, enliven circulation, and give full play to the reaction of exchange with production. The experiences gained in the past 5 and more years have proved that it is entirely necessary to carry out some radical reforms in these aspects and in other important aspects (trade centers and separation between government administration and enterprise management). Satisfactorily carrying out these reforms, enlivening the circulation of commodities, and opening up the market will be very much conducive to promoting and guiding the vigorous development of our industrial and agricultural production, increasing the variety of our products, improving the quality of our commodities, lowering their product costs and making them marketable, cheap and of fine quality.

### 3. The Situation of Commodity Production Spurs Us on and We Must Reform Our Commercial System

In view of the current situation of commodity production and the trend of its future development, the reform in our commercial system has already become so urgent a task that we must carry it out vigorously and quickly.

First, in our rural areas there has emerged a very fine situation of continuous development of commodity production. During the past 1 or 2 years, a large number of specialized households and households doing specialized jobs with commodity production as their basic characteristic have emerged. In 1983, the "two households" constituted 13.6 percent of the total number of rural households in our country. They are a shock force in the transformation of our country's agriculture from self-sufficient and semi-self-sufficient production into a commodity economy, and they are forerunners in overcoming poverty and becoming rich in our rural areas. They have carried other peasants along with them and have thus greatly raised the commodity rate of our agricultural and sideline products, given the peasants an increasingly closer relation with commerce and the market, and day by day expanded the circulation of commodities in our rural areas. By 1983, the

commodity rate of agricultural and sideline products in the whole country rose to 55 percent and there was a radical change in the production and sales of grain and cotton which were two major backbone products in our agriculture and sideline undertakings. This year, the grain output has risen to 387.28 million metric tons, the cotton output has risen to 4,637,000 metric tons, and the grain and cotton purchased by the state has doubled the amount purchased in an ordinary year. Such a great change never emerged in the 30 years or more when a state monopoly over grain and cotton purchases was imposed. On the basis of the continuous development of commodity production in our rural areas, the cash income and purchasing power of our peasants have risen sharply and quite a few rural households have raised a demand for high-grade consumer goods. However, our rural commodity business system that was in the main characterized by the state monopoly over the purchases of some goods and by allocated purchases of goods, and our rural commercial management system in which our state-run commercial units and supply and marketing cooperatives have a monopoly over their respective trade lines and scope have fallen far short of adapting themselves to this situation. As a result, there have emerged continuous difficulties of buying and selling goods for our peasants. These difficulties have hindered or even blocked the further development of rural commodity production. Our peasants urgently demand that our commercial system be reformed to meet the new development of their production and lifestyle. They are now organizing their own collective commercial enterprises and setting up professional transport and sales households to make a breakthrough in the situation and are attempting to establish a form of commodity circulation to meet their demand. This is a challenge to the existing commercial system.

Second, there has been a big increase in our light industrial production--the amount of purchases and sales of industrial products has increased continuously in our commercial sector. The amount, variety, and design of our industrial consumer goods now are more satisfactory than the several decades in the past. For some commodities, a new situation of supply being in excess of demand has emerged. In addition to the entire political and economic situation which is advantageous to the development of our light industrial production, there are also a few new factors which are worth our close attention: 1) The principle of construction which upholds a coordinated development of agriculture and light and heavy industry, has already struck root in the hearts of the people and the malpractice of blindly enlarging the scale of our capital construction has been eliminated. 2) The production of grain, cotton, oil and sugar and so forth has increased continuously, our agriculture has provided a steadily increasing source of raw materials for our light industry, and as a result, there is a change in the long-standing situation whereby the development of our light industry has been restricted by the raw materials which are agricultural products. 3) Our local industries and township and town enterprises have mainly undertaken light industry which has a short production cycle and good economic results and are no longer blindly engaged in the heavy industries such as iron and steel and machinery industries as they were before. 4) Our military industries have gradually implemented the principle of "combining peacetime tasks with wartime needs" and have regarded the production of civil products as a long-standing task. 5) The opening up of 14 coastal cities to the external

world will greatly promote the reform and development of our light industry and so forth. Because of these factors, the good trend in the development of our light industry will continue.

Our existing industrial products wholesale system which is centralized and comparatively unitary and which has comparatively many links and is a closed one, is obviously not suited to the new situation of flourishing development of our state-run industries, local industries, township and town enterprises and our family industrial and sideline undertakings. In the past few years, our industrial sector thought that our commercial sector had exercised too much and too rigid control over the purchase and sale of commodities and later changed the forms of purchases and adapted respectively the forms of state monopoly over purchases, planned purchases, purchases by orders, selected purchases, purchasing and selling goods through agents and cooperative marketing of goods. By so doing, our purchases and sales are more flexible. However, we have failed to rationally solve some major contradictions, namely, the problem related to division of labor and cooperation in production and marketing between our commercial and industrial sector, the problem related to the distribution of profits between these two sectors, and the problem related to the scope of authority in distributing the products and so forth. Our commercial work lags far behind the readjustment and development of our industries, and our existing commercial system is not conducive to leading our industrial enterprises to increase their marketable products, to improving the variety, design, and quality of their products, or to reducing their production costs. It is not conducive to encouraging good and cheap commodities to be continuously put into our market in order to satisfy the increasing demands of our people. Now, the most difficult problem which our industrial sector frequently encounters is precisely that of sales of its products. Because the channels of marketing are few, the circulation of products is blocked, the links in the production chain are too many and the prices are fixed too rigidly, and quite a few factories are compelled to send out a large number of salesmen.

In short, our rural system of commodity circulation should be suited to the new situation of the development of our rural commodity production, while the urban system of commodity circulation should be suited to the new trend of the development of our urban industrial production. Only by conducting a basic reform in our circulation system can we create a new situation whereby production and marketing will help each other forward and the production and exchange of our commodities will keep pace with one another.

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## GYORGY LUKACS AND HIS 'HISTORY AND CLASS CONSCIOUSNESS'

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[Article by Qin Ze [4440 3419]]

[Text] The French existential philosopher Merleau-Ponty [2734 3157 1690 5530] wrote a book entitled "The Adventures of the Dialectic." In this book he greatly praised the collection of essays "History and Class Consciousness" written by the Hungarian philosopher Gyorgy Lukacs and published in 1923. He said that this book "revived" the "youth of Marxism." He called the theory proposed by Lukacs "Western Marxism" and called "History and Class Consciousness" the "bible" of "Western Marxism." The first to oppose Merleau-Ponty's views was Lukacs himself. He thoroughly disclaimed any connection between himself and "Western Marxism," saying that Merleau-Ponty's claim about this "best to be forgotten" book was pure "conspiracy and fabrication." But despite Lukacs' protest, Merleau-Ponty's views still spread like wildfire in Western theoretical circles and Lukacs has thus been honored as the founder of the theory of "Western Marxism." What sort of person then was Gyorgy Lukacs? What sort of book was "History and Class Consciousness"? This article will provide a brief introduction to the man and his book.

### I

Gyorgy Lukacs was born in 1885 in Budapest, Hungary into the family of a prosperous Jewish banker. He studied under the famous German philosopher Simmel and the sociologist Weber. As a youth, he participated in the socialist movement and was influenced by anarchic syndicalism. Just as Lukacs was later to recall, at that time he brimmed with "leftist" factionalist sentiments. He had close contact with some "leftist" persons from the Third International and they jointly edited and published the magazine COMMUNISM. One must not ignore the fact that Lenin once criticized this magazine. Turning a few pages of the magazine, one can immediately discover the weakness. This is the obvious symptoms of the "infantile disorder of the 'left' in the communist movement." Lenin also pointed out that an article by Lukacs published in this journal "is very left-wing and very poor. Its Marxism is purely verbal; its distinction between 'defensive' and 'offensive' tactics is artificial; it gives no concrete analysis of precise and definite historical situations; it takes no account of what is most essential (the

need to take over and to learn to take over, all fields of work and all institutions in which the bourgeoisie exerts its influence over the masses, etc.)." ("Collected Works of Lenin," Vol 31, pp 143-144)

From 1918 to 1923, Lukacs authored eight essays. In 1923 he compiled them into a book and published it. This collection of essays is entitled "History and Class Consciousness" and subtitled "Studies in Marxist Dialectics." Lukacs asserted that these essays, through research on Marxist dialectics, demonstrated the role of the proletariat and their class consciousness, explored the reasons for the failure of proletarian revolutions in Hungary and other European countries, and revived revolutionary avenues. But in his essays he brazenly negated Engels' theory of natural dialectics and Lenin's theory of reflection. He also stressed that if we wanted to revive the revolutionary spirit of Marxism, we had to "restore the Hegelian tradition." He claimed that "'History and Class Consciousness' represents perhaps the most intense attempt to revive and develop Hegelian methods in order to revive the revolutionary essence of Marxism."

"History and Class Consciousness" has been acclaimed by some people, but was criticized by the Third International. Lukacs himself also examined the mistakes in the book and acknowledged that the ideology in the book was "idealist" and "was identical with that line, criticized by Lenin, which departed from Marxism (meaning Machism)." Afterwards he engaged in theoretical study in Moscow for a long time and took up a position as researcher in the Philosophical Institute of the Soviet Academy of Sciences. After the victory in the war against fascism, he returned to his country, took up a professorship at Budapest University and was elected as a fellow to the Hungarian Academy of Sciences. In this period, he wrote over 10 works on philosophy, aesthetics, and literary and art theory. The most influential of these books were "The Young Hegel and the Question of Capitalist Society" (1938) and a book which had as its theme the criticism of the various modern and contemporary German antirealist philosophical schools, "The Destruction of Reason" (1947).

In 1967, Lukacs republished "History and Class Consciousness." He wrote a long foreword in which his appraisal of the book was quite different from that in the past. He asserted: "It is by no means my intention to pretend that all the ideas contained in the book are mistaken without exception." However, he still made a self-criticism of the major theoretical errors in the book. In 1971, Lukacs died of illness in Budapest.

Throughout his life, Lukacs was confronted by a very confused international and domestic environment. The course of his own life was also very complicated. As an influential contemporary philosopher, aesthetician, and historian of literature, his academic attainments still await further research and appraisal. It can at least be said that in the period following his criticism of his own mistakes, his criticisms of modern bourgeois ideology, such as existentialism in the philosophical realm and modernism in the literary field, were useful and positive. However, the book "History and Class Consciousness" which has been praised to the heavens by some Westerners, has a basically erroneous tendency and a bad influence. As

Lukacs admitted in his foreword to the 1967 reprint of "History and Class Consciousness": "Unfortunately, I know it to be the case,...it is precisely those parts of the book that I regard as theoretically false that have been most influential." The fact that Pangdi took this book and set it against Marxism-Leninism is clear proof of this.

## II

In the book "History and Class Consciousness" Lukacs' most seriously mistaken idea was his attempt to Hegelize Marxism. This was an attempt to push the materialist dialectics established by Marx and Engels back to idealist dialectics. Lukacs' so-called "restoration of the Hegelian tradition" was focused and manifested in his "subject-object dialectics." He pointed out that dialectics only exists in mankind's social history. The main substance of dialectics is the exposition of the mutual roles of subject and object in the course of history. That is, the mutual roles of man and the social world created by man. Dialectics does not exist in a purely natural world. It is only as products of changes brought about by man's activities, and which are embodied in social relations, that dialectics carries meaning. He stressed that the most basic substance of Marxism is the "subject-object dialectics" inherited from Hegelian philosophy and is not the "principle of economic factors taking first position in interpreting history."

Lukacs believed that only by stressing the mutual roles of subject and object in the course of historical development, would it be possible to correctly explain the basic significance of the revolution. On this basis, Lukacs criticized Edward Bernstein and others of the Second International for their Neo-Kantism and their "evolutionism." He held that they saw socialism as a process of "natural development," without revolution and without struggle, denying the principal position of man in the development of history and the historical initiative of the proletariat. This would thereby lead to the failure of the revolution. This attempt by Lukacs to expose and criticize, on a philosophical level, the revisionist influence of the Second International, is of course beyond reproach. However, he did not correctly utilize the theoretical weapon of Marxism, and told all to "restore the Hegelian tradition." This was taking the wrong road from the start.

Lukacs believed that Hegelian philosophy's greatest contribution was to recognize the history of mankind as an "objective dialectical process." In this process man occupies the main position. Man is the "producer" of the historical dialectical process and is also the product. Thus man, in the course of creating history, can understand history and can control history, and realize "subject-object identity." Of course when Hegel used these mutual roles to examine man's social history, he conjectured on there being certain objective inevitabilities in historical development. Moreover, he saw history as a process created by man and stressed that man's initiative has dialectical rational elements. But Hegel saw the absolute spirit as "substance-subject." The absolute spirit through its own movement is externalized as the natural world and man's society. Through the long

historical process, it returns to itself. Speaking in this sense, Hegel's exposition of the determining nature of subject and object is precisely a constituent part of his idealist shell. He took the concept of spirit as a base and held that history was the course of development of the spirit itself. This is a purely idealist historical view. Engels pointed out: "Hegel liberated the conception of history from metaphysics and made it dialectical. However, the essence of his conception of history was idealist." ("Collected Works of Marx and Engels," Vol 3, p 423) Marxism is a materialist "re-inversion" of Hegel's idealist dialectics and it makes dialectics a science of general laws relating to the movement and development of nature, man's society, and thought. The founders of Marxism used this type of dialectics to examine the basic substance of man's material production activities and discovered the laws of dialectical movement between the productive forces and the relations of production, and between the economic base and the superstructure. This then placed the understanding of man's history on a scientific base. The point of departure of historical materialism is the explanation of history through the conditions of material and economic life in specific historical periods. But Lukacs ignored this basic principle of Marxism and held that Marxism had just taken the absolute spirit of Hegel and changed it to the proletariat, in imitation of subject-object dialectics. This is a basic misinterpretation of Marxism.

Lukacs refused to explain history in terms of economics. Instead, he took the idealist proposition of Hegel that "substance is subject" as the basis for demonstrating the historical mission of the proletariat. The basic characteristic of the Hegelian method is to understand substance as subject, to understand it as the source of everything which constitutes the world. This ideology of Hegel's primarily opposed the agnosticism of Kant. He saw the absolute spirit as "substance-subject." The absolute spirit is thus able, through its own movement, to constitute all things in the world. Finally, it "assimilates" all substance and thereby "reverts" to itself, manifesting the identity of subject and object, of thought and being. He believed that if we saw objects as objectively existing independent of subjects, this would, in the same way as Kant did, create a "rigid antithesis" between subject and object and between thought and being, leading to agnosticism. As for Lukacs, he took man to be the "substance-subjects," that is, he took man to be the base and creator of social history. He believed that in former societies because of the dispersed nature of man's activities, people were unable to see themselves as social beings. Thus the subject created the object but was also governed by the object. Only after the emergence of the proletariat did the destiny of this class become the overall destiny of the society, because society as a whole was the embodiment of the production and reproduction of this class. Thus, "as far as this class is concerned, self-consciousness also implies a clear understanding of the entire society." "This class is the subject of understanding and, at the same time, the object of understanding." Thus the proletariat affords a subject-object identity, and can realize the historical mission of transforming society. In other words, in Lukacs' view, the reason the proletariat will become the masters of history is that man is the "substance-subject" which creates history. When mankind develops and becomes the proletariat, it "assimilates" everything in the social world

into itself and thereby "reverts" to "subject-object identity." From this we can see, even though Lukacs' exposition is completely different from Marxism, they both affirm the initiative of the proletariat. Marxism affirms that history is created by man, but at the same time points out that man cannot create history as he pleases. Because the thinking of man cannot form a basis for the development of social history, Marxism takes the modes of production and the social relationships connected with them as "the basis for understanding all history." ("Collected Works of Marx and Engels," Vol 3, p 42) Marxism expounds on the historical mission of the proletariat from the inexorable laws of contradictory movement between the productive forces and the relations of production, and from the economic position of the proletariat. It proposes clear aims for the liberation of the proletariat and all mankind. However, Lukacs' exposition proceeds from man's self-consciousness and self-awakening. He said that the aim of the proletariat is to realize this "subject-object identity." Thus in the same way as the words of Hegel, these words are abstract, speculative and mystical.

To see man as "substance-subject" is to see man as the source of existence. Hegel's absolute spirit and dialectics penetrates the whole course of the absolute spirit's development as the natural world and man's society. Lukacs saw man as "substance-subject." His taking the formation and "assimilation" of the object by the subject as prerequisites for subject-object identity, determined that the natural world was excluded. The natural world was clearly not created by man and objectively exists independent of man. Thus Lukacs asserted that the relationship between man and social history is basically different from the relationship between man and the natural world. Man is intrinsic in social history and can, through the proletariat, totally understand and transform society. However, man is extrinsic to the natural world and its objective laws. In facing them man is powerless. Thus dialectics "is confined to the realms of society and history. This is of primary importance." In Lukacs' view, if there were not this restriction, and it was held that dialectics existed both in man's society and the natural world, this would necessarily lead to an acknowledgment of the existence of an absolute "substance-subject," similar to the absolute spirit. It would also necessarily eliminate the position of man as subject. In this way he failed to consider the facts of the laws of dialectical movement in the natural world, expounded on jointly by Marx and Engels. He openly criticized Engels' extension of dialectics to the natural world and rejected the mutual roles of subject and object, stating "dialectics is no longer revolutionary." This set an odious precedent in the history of Marxist research by setting Marx and Engels in opposition, giving the bourgeoisie a pretext for negating Marxism. Also, on the theoretical level, it severed the intrinsic relationship between the natural world and its movement and between man and the social movement of mankind, negating the objective character of the latter.

Starting from "substance-subject," Lukacs proceeded to negate the laws of social development, negate the determining nature of social being in social consciousness, and oppose the dialectical materialist theory of reflection. He held that since history is created by man, the direction of history is governed by the dynamic role of man, and no objective laws exist

independent of man. In his view, if we understand the history created by man himself to be a reality in which strange laws operate among men, it would signify a "rigid antithesis" between man and history, which could lead to "a new type of idolatry." In the same way, he could not accept that thought was a reflection of being (Lukacs held that being was only a social form). If we see thought as a reflection of being, it would signify that being is something completely independent of thought. This also is "rigid dualism." It is not difficult to see from this that, in Lukacs' view, if we want to recognize that man is capable of comprehending society and that he has a subjective dynamic role in transforming society, then we cannot recognize the independence of social being and its laws. Likewise, we must include all social being in man's subjective activities. This is the inevitable logical result of the subject-object dialectics he upheld, where the subject creates and "assimilates" the object.

From this we can see that in Lukacs' theory, man and the proletariat are nothing more than abstract things. They are some kind of spiritual substance that has a certain dynamic role to play and their actual existence can be explained neither by their natural qualities nor by their social qualities. History then is nothing more than the "externalizing" of this spiritual substance. Lukacs proceeded from this abstract "man," cast off the basic principles of dialectical materialism and historical materialism, and turned Marxism into empty talk about realizing "subject-object identity." This is what the Western theoretical world means when it says that Lukacs established a so-called "humanist Marxism."

### III

Another reason "Western Marxists" take delight in talking about "History and Class Consciousness" is the concept of "reification" proposed by Lukacs. They see in it the first signs of the so-called "Marxist theory of alienation." In accordance with the demands of realizing the so-called "subject-object identity," Lukacs summed up the class consciousness of the proletariat as the grasping of the concept of "totality." He also used "reification" to explain the situation where the proletariat does not have, or has lost, class consciousness.

What is "totality"? In simple terms, what Lukacs was talking about was the means of fully grasping social reality. "Totality" requires that we examine social reality as an organic and integrated total. It not only requires that all constituent parts are grasped but also requires the grasping of the relationships between the parts and their trend of development. Lukacs, after citing from Marx' essay about the "method of ascending from the abstract to the concrete" in "Introduction to 'A Contribution to the Critique of Political Economy,'" stressed that, logically, totality comes before facts. Only when facts are placed within totality can one understand their significance. Lukacs said: "The category of totality and the absolute superiority of total over partial were the quintessence of the method, inherited by Marx from Hegel, whereby totality was put on a brand-new scientific basis in an original way," and "the aim of dialectics is to explain society as a totality."

Hindering the proletariat from grasping this totality is the phenomenon of "rectification" in capitalist society. Lukacs defined "reification" as: "Man's own actions and his own labor becoming objective things independent of himself. They become things which control man, aided by man's corresponding spontaneous actions." Seen from this angle, his concept of reification is also a concept of alienation. When he expounded on the concrete manifestations of reification, he described it as the opposite of totality. Reification, therefore, was "the destruction of the total form." He quoted the essay in Hegel's "Phenomenology of Mind" about the separation of everything into atoms in the early period of social alienation, and held that the most serious effect of large-scale industrial production was that it led to the "atomization" of workers. In highly rationalized large-scale production, following the increasing breakdown into various specialized operations, and the reliance on precise calculations to implement strict management, workers are divided into individual parts of the mechanized system. They become "isolated, abstract atoms." This has a deep effect on the souls of the workers, resulting in a "reified consciousness." They cannot see the totality of capitalist society or its direction of development, and are thus content in these capitalist "scienticized" production patterns.

Marx and Engels both affirmed Hegel's ideology of ascending from the abstract to the concrete and believed that this was a scientific and correct method. However, the method of ascending from the abstract to the concrete is not equivalent to the total preceding the partial and the abstract preceding the concrete. At the same time as he affirmed this method, Marx pointed out that in the process of thought, the concrete is manifested as result, but in reality, the concrete is the point of departure. "The concrete totality as a totality of thoughts, as a concrete mental phenomenon, is in fact a product of thinking, of conceiving; but by no means a product of the concept which thinks and gives birth to itself outside and above perception and conception, but a product of the working up of perception and conception into concepts." ("Selected Works of Marx and Engels," Vol 2, p 104) That is to say, the "totality" concept is a reflection of the totality of a concrete thing. If we say that, in general, totality precedes individual facts, but do not recognize that totality originates in the reflection and processes of individual objective things, this can only lead to the acceptance of epistemological idealism. At the same time as Lukacs stressed the logical precedence of totality over facts, he completely discarded the predominant position of objective facts in the theory of knowledge. He believed that facts could not constitute social totality. Thus an understanding of social totality could not be gained by any detailed analysis of facts. Where then does consciousness of totality come from? Lukacs said: "Reality can only be understood and examined as a totality. Only a subject which is also itself a totality can carry out examination in this way." His meaning is that consciousness of totality can only come from "subject-object identity," from a totality where the subject has "assimilated" all objects. The proletariat is this sort of totality. From this we can see that, in Lukacs' view, the consciousness of totality comes from self-realization by the subject. It does not come from objective facts. If it did, the total relationships of actual

society would be the products of the subject's consciousness. Hegel, through the method of ascending from the abstract to the concrete, understood the truth to be the product of thought. Marx pointed out that Hegel was "bogged down in hallucination." Lukacs also got bogged down in the same sort of hallucination.

Lukacs proceeded to criticize the method of "positivist" natural scientific research. He saw this method as a major manifestation of the "reified consciousness" of capitalist society. This was because, in his view, the method of natural scientific research was a method which "worshipped facts." It necessarily meant that the subject could only "meditatively" face independent objects, and there was no way to see a totality where subject and object merged into an organic whole. "When science advocates taking the materials of reality as the most appropriate point of departure in forming scientific concepts, the simplified stand of their dogma serves capitalist society." Lukacs believed the entire capitalist society uses this type of "scientific method" to rule and control. The entire society becomes a structure which operates in accordance with "perpetual, iron-like" "natural laws." Man can only adapt himself to, and cannot transcend, this structure. It was also on this basis that he charged that Engels' natural dialectics, which was summarized from the movement of the natural world, was a "scientific method." He brazenly sought to "purge" Marxism of the "scientific tendencies" of which Engels was a representative.

It is not difficult to see from this that the totality spoken of by Lukacs is, in reality, nothing more than a synonym for the "subject assimilating the object," and "reification" is its antonym. Thus his theory of reification or alienation is different from the concept of alienation as used by Marx. It is completely Hegelized.

First, on the pretext of studying Marxist dialectics, he put the problem of alienation in a prominent position and belittled Marx' scientific methods of proceeding from economic relationships in analyzing capitalism. This is wrong. Marx, in the early period, looked on "man" as the prerequisite for the private ownership system, but he did not carry out scientific analysis of "man's" actual economic relationships. He only regarded the capitalist private ownership system as the alienation of man's nature. Thus he was unable to scientifically expound on the phenomenon of antithesis between capital and labor. After Marx discovered the materialist viewpoint of history and the laws of surplus value, he proceeded from actual economic relationships to expound on capitalist society. He pointed out that capitalist relations of production are a prerequisite for the phenomenon of antithesis between capital and labor. If we wish to eliminate this phenomenon, we must eliminate the capitalist relations of production. In this period, alienation was nothing more than a word to be used temporarily to describe the phenomenon of antithesis between capital and labor. It had no methodological significance. But Lukacs refused to proceed from actual economic relationships in analyzing capitalist society. He proceeded from Hegel's abstract and mystical concept of alienation. Taking workers and capitalists as abstract men, he went around in circles with the contradictions between man and objects. This inevitably meant that the rule

of man by objects concealed the rule of man by man. When Marx spoke of the scourge brought on workers by the machines of capitalist production, he indicated that the problem was not in the "use of machines," but in the "capitalist use of machines." Lukacs said the complete opposite. He held that it did not matter whether it was machinery, science, and technology or the strict division of labor and management systems brought by them--their harm, seemingly, lay not in that they were tools for capitalist exploitation, but in that they forced men to submit to certain "united natural laws," so that they could only engage in activity in accordance with certain modes independent of themselves. Thus, in his view, workers and capitalists were "reified" in the same way. "Workers facing machinery, entrepreneurs facing certain types of machinery developments, technical experts facing certain scientific discoveries and the potential for gain in the application of the technology--the differences between them are entirely quantitative and do not lead to any qualitative differences in the structure of consciousness." These views of his actually confuse the antithetical positions of workers and capitalists in economic relationships.

Second, these views of Lukacs on reification and alienation are based on his idealist subject-object dialectics. According to this type of "dialectics," the subject need only create an object independent of itself (this is the so-called "objectification") and it will inevitably be controlled by the object, and alienation will inevitably arise. This viewpoint clearly perpetuates "alienation," causing it to become a perpetual category, and in no period will it ever be eliminated. The viewpoint was appreciated by many bourgeois academics. Lukacs later recognized the error in this viewpoint. However, like Hegel, he took the spiritual substance to be the source of existence and this required that objective material "objects" be seen as obstacles to spiritual movement. They had to be expelled or "assimilated." Thus he was unable to thoroughly correct his viewpoint which perpetuated "alienation."

Third, Lukacs seemingly expressed great indignation at capitalist society. However, in the final analysis what he opposed was not the capitalist system, but the abstract control of man by objects and man's subordination to objects. Engels rightly said: "If man by dint of his knowledge and inventive genius has subdued the forces of nature, the latter avenge themselves upon him by subjecting him, insofar as he employs them, to a veritable despotism independent of all social organization." ("Selected Works of Marx and Engels," Vol 2, p 552) If we see this despotism and subjugation as "alienation," how can there be any progress in man's society? The authors of the Marxist classics, at the same time as uncovering the ruination of workers by capitalist production, also repeatedly demonstrated how large-scale production tempers and trains a working class contingent rich in organizational discipline. This organizational discipline is precisely where the strength of the working class lies. It is indeed not as Lukacs stated when he sanctimoniously spoke of large-scale production giving rise to the "atomization" of workers. This type of unanalytical discussion where any subordination or any strict organizational discipline is seen as "alienation," can only cause the struggle of the proletariat to unite and oppose the capitalist system to disintegrate.

Fourth, as Lukacs only saw history as the result of the movement of the spiritual substance "man," the overcoming of reification and alienation, in his view, took very simple forms. "If a cognizant recognizes this totality, he can completely control it. This actually signifies the abolishing of the capitalist economy." In his view, since reification is manifested as man setting himself against the object and the society, it is not possible to grasp it in totality. Only by gaining "total consciousness" will reification be naturally overcome and subject-object identity realized. In this way, he concludes that the liberation of the proletariat and man is only a question of understanding. "We can only be liberated by understanding." This is Lukacs' conclusion.

To summarize the above, Lukacs in his "History and Class Consciousness" mainly proposed the following type of "Marxism." He took the abstract man as the subject of history, and the mutual roles of the subject and the object, which is formed by the subject, as the motive force of history. The goal of historical development is to achieve subject-object identity. The historical position of the proletariat lies not in that they are representatives of modern, advanced productive forces, but in the fact that, as representatives of the totality of society, they offer subject-object identity. The basic problem of the liberation of the proletariat and man lies not in overthrowing the exploitative system, but in grasping "total consciousness" to overcome "reified consciousness." An important point to note is that Lukacs greatly exaggerated man's subjective dynamic role and the historical initiative of the proletariat. He spoke of them as mystical forces which are not restricted by any sort of objective laws. This sort of philosophical tendency is identical with his earlier political ultra-left tendency which was criticized by Lenin. In the historical background of the 1920's, this type of ultra-left tendency was a reflection of the mood of the petit-bourgeoisie at that time, when they were driven to insanity by the temporary defeat of the European revolution. In the West there has appeared a trend of thought which, using Lukacs' "History and Class Consciousness," humanizes Marxism. Thus, we must use the weapon of Marxism-Leninism to criticize the mistaken viewpoints in "History and Class Consciousness." This criticism has great significance in our adherence to and development of Marxism-Leninism.

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GREAT ACHIEVEMENTS IN ECONOMIC AND SOCIAL DEVELOPMENT IN THE 35 YEARS  
FOLLOWING THE FOUNDING OF THE PRC (STATISTICAL DATA, PART VIII)

Beijing RED FLAG in Chinese No 18, 16 Sep 84 p 48

[Article by State Statistical Bureau]

[Text] The Development of Transportation and Telecommunications

	Unit	1949	1978	1983	1949-83 increase (%)	1978-83 increase (%)
1. Total investment in transportation and telecommunications	100 million yuan	7.61 <sup>(2)</sup>	68.04	78.04	930 <sup>(2)</sup>	14.7
Percentage of total capital construction investment	Percent	17.4 <sup>(2)</sup>	13.6	13.1		
2. Total number of workers in transportation and telecommunications departments	10,000 persons	113 <sup>(2)</sup>	654	741	560 <sup>(2)</sup>	13.3
Percentage of total number of workers	Percent	7.0 <sup>(2)</sup>	6.9	6.4		
3. Mileage of transportation lines						
Operating railroad mileage	10,000 km	2.18	4.86	5.16	140	6.2

	Unit	1949	1978	1983	1949-83 increase (%)	1978-83 increase (%)
Highway mileage	10,000 km	8.07	89.02	91.51	1,030	2.8
Inland navigation mileage	10,000 km	7.36	13.60	10.89	50	-19.9
Civil aviation mileage	10,000 km	1.14 <sup>(1)</sup>	14.89	22.91	1,910 <sup>(1)</sup>	53.9
Oil (gas) pipeline mileage	10,000 km		0.83	1.09		31.3
4. Number of passengers	100 million persons/km	155.0	1,743	3,095	1,900	77.6
Railroad	100 million persons/km	130.0	1,093	1,776	1,270	62.5
Highway	100 million persons/km	8.0	521	1,106	13,730	112.3
Water transport	100 million persons/km	15.2	101	154	910	52.5
Civil aviation	100 million persons/km	1.8	28	59	3,180	110.7
5. Volume of goods transported	100 million ton/km	255	9,829	13,295 (14,044)	5,110	35.3
Railroad	100 million ton/km	184	5,345	6,646	3,510	24.3
Highway	100 million ton/km	8	274	335 (1,084)	4,090	22.3
Ships	100 million ton/km	63	3,779	5,788	9,090	53.2
6. Handling capacity of main coastal harbors	10,000 tons	872 <sup>(1)</sup>	19,834	24,952	2,760 <sup>(1)</sup>	25.8
7. Efficiency indexes						
Average daily volume of goods carried by steam locomotives	10,000 ton/km	29.5	74.3	75.2	150	1.2

	Unit	1949	1978	1983	1949-83 increase (%)	1978-83 increase (%)
Annual volume of goods carried per ton of trucks	10,000 ton/km	0.64 <sup>(1)</sup>	4.62	3.83	500 <sup>(1)</sup>	-17.1
Annual volume of goods carried per ton of ships	10,000 ton/km	2.91 <sup>(2)</sup>	3.65	4.19	40 <sup>(2)</sup>	14.8
8. Post and telecommunications						
Post and telecommunications offices	10,000 offices	2.63	4.96	5.02	90	1.2
Postal routes	10,000 km	70.60	486.33	472.09	570	-2.9
Total business volume of post and telecommunications services	100 million yuan	0.97	11.65	22.26	1,550	37.3
Letters	100 million pieces	5.99	28.35	35.21	490	24.2
Telegrams	10,000 messages	1,129	12,748	18,075	1,500	41.8
Long-distance telephone	10,000 calls	902	18,574	26,556	2,840	43.0

- Notes:
1. Item one gives capital construction investment in units owned by the whole people, while item two gives the number of workers in units owned by the whole people and by collectives.
  2. The figures in parentheses under item five include goods carried by public vehicles.
  3. Under item eight, the total business volumes of post and telecommunications services in 1949 and 1978 are calculated according to the 1970 constant price. That in 1983 is calculated according to the 1980 constant price. The rate of increase is calculated at comparable prices.
  4. (1) refers to 1950 figures, while (2) refers to 1952 figures.

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AN ENTIRELY NEW SORT OF PHILOSOPHICAL BOOK FOR POPULAR CONSUMPTION--  
INTRODUCING 'PHILOSOPHICAL THEORY AND APPEAL'

Beijing RED FLAG in Chinese No 18, 16 Sep 84 outside back cover

[Book review by Peng Zhan [1756 1455]]

[Text] "Philosophical Theory and Appeal" (published by Hunan People's Publishing House), written by Comrade Yang Zuohua [7122 0155 5478], is a collection of philosophical essays in the form of random notes. Including the preface, the book contains 50 articles, each about 3,000 characters long. Each article is independent, but can be combined with other articles to form a kind of structure. Thus the book may be read selectively or from cover to cover. On the whole, the book also has two special qualities:

First, it is interesting. As the name "Philosophical Theory and Appeal" suggests, the author puts his emphasis on the fascinating word "appeal" when he discusses theory. Proceeding from demands made on workers by Marxist philosophy, he deeply feels that in order to do a good job in popularizing theories, one must "strive to write in a contemporary style and combine theory with current interests, so that the reader may find the process of philosophical thought interesting and may separate the underlying philosophy from the interesting presentation." Thus, the book not only adopts the casual form of random notes for its stylistic approach, but pays attention to appeal and philosophical enlightenment in selecting headings and subject matter. For example, the article "The 'Yellow Ghost' and the 'Green Ghost'" describes subjective and objective idealism; "Go Ask the Platypus' Pardon!" says that common sense cannot replace science; and "All That Glitters Is Not Gold" discusses the importance of eliminating the false and retaining the true. These intelligent sayings of our teachers not only make the headings vivid, but help enlighten people's minds with their lively references. Their propaganda effect is good. For another example, the article "The Mountain Seems More Serene With the Twittering of Birds" prompts the reader to contemplate the dialectical "unity of opposites"; and "Where There Is a Source, There Is Flowing Water" explains the infinite development of knowledge. The use of these popular lines as headings not only gives the articles a poetic touch, but prompts people to ponder the profound meaning behind the lines. In short, the author aims at "making theorizing interesting" throughout the book. He boldly quotes from others and airs his own views. His ideas are indeed original.

Second, it is informative. Knowledge is strength. It is also social wealth. It is impossible to make theorizing interesting if the author is not well-informed. In setting forth his goals in writing this book, the author strongly emphasized the importance of being informative. He said: "In order to make theories sound interesting, we must have a wide range of knowledge. Only by reading widely and achieving mastery through a comprehensive study of the subject under discussion can we explain scientific theories in simple terms." This is precisely what he has done. In order to explain the basic principles of Marxist philosophy in simple terms, he has not only made full use of the scientific propositions in Marxist-Leninist works, complete with a full and clear analysis, but has drawn proof from ideological, scientific, and technological materials of ancient and modern times, both Chinese and foreign. This not only makes his elucidations sound more substantial, but adds vitality to those pieces dealing with current or historical themes. For example, the author cites the case of "treating the foot when the head aches" in the "Acupuncture" chapter in "Nei Jing" [0355 4842] [Manual of Internal Medicine] to state his point that it is wrong to make one-sided diagnoses in a metaphysical way. He maintains that the simple view of "treating the foot when the head aches and treating the right side when the left side hurts," advocated by practitioners of traditional Chinese medicine, originates from direct experience and conforms with dialectics. In discussing the relationship between consciousness and the mind, he quotes from Mencius, who said that "thinking is the function of the mind." He then analyzes the structure of the character "si" [1835] [thinking] written in the seal style, pointing out that the character "si" in this case is made up of two parts: it has the character "nao" [5207] [brain], at the top, written without the "flesh" radical, and the character "xin" [1800] [heart] at the bottom. This very fact, he says, shows that people at that time understood thinking as the combination of the "brain" and the "heart." Medical books from the Yuan and Ming Dynasties further elaborated on the functions of the "heart" and the "brain," maintaining that "spirit originates not from the heart but from the brain." In this way, spirit was directly related to the brain. These interesting points are very original.

Of course, this book has its weak points. Some articles sound rather flimsy in their arguments. In the selection of materials, there is comparatively little on new conditions and new information. It is hoped that appropriate revisions and amendments can be made for the second edition, so that the book can better reflect the pulse of our times.

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